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MARCH 1975
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SENSE AND NONSENSE ABOUT MONOPOLY
HENRY G. MANNE

IN THE COURT OF KINGDOM COME
MARK TIER

FINE ART AS INVESTMENT
P. DAVID MARCUM

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RULES

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Railing at "monopolists" has always been good populist politics, whether or not there were really any monopolists around. So it was that last year Senator Philip Hart introduced S.1167, dubbed the Industrial Reorganization Act. Despite being elected by the citizens of Michigan, Sen. Hart manages to consider General Motors a monopoly, and wants the Government to break it up.

Conventional antitrust statutes define monopolization in terms of such things as "restraint of trade" and other allegedly anticompetitive acts that cause harm to others. Not so with Sen. Hart's bill. Frustrated at the difficulty of proving the harm caused by large corporations, Hart's bill would define *bigness as badness. It would "make monopoly power a per se violation" of the antitrust laws. And what would constitute "monopoly power"? The bill provides simple numerical formulas, in terms of such factors as industry "concentration ratios" (i.e. the extent to which a large share of a particular market is "concentrated" in the hands of a few companies). Thus, G.M.'s 45 percent share of the U.S. auto market would be defined by the Act as monopoly power, and would be flatly outlawed. A Special Commission and Court would be set up to dismember the offending companies.*

In response to this incredible proposal, a number of leading free-market scholars testified before Sen. Hart's Subcommittee on Antitrust and Monopoly. One such figure was Prof. Henry G. Manne, whose testimony forms the basis of this article. Although the major news media gave extensive, enthusiastic coverage to the witnesses favorable to Hart's bill, they totally ignored the testimony of Manne, Harold Demsetz, and other free-market spokesmen. To help redress the balance, REASON is proud to publish Dr. Manne's well-argued case. The article has previously appeared in Barron's *(May 20, 1974) and is published here with their permission.*

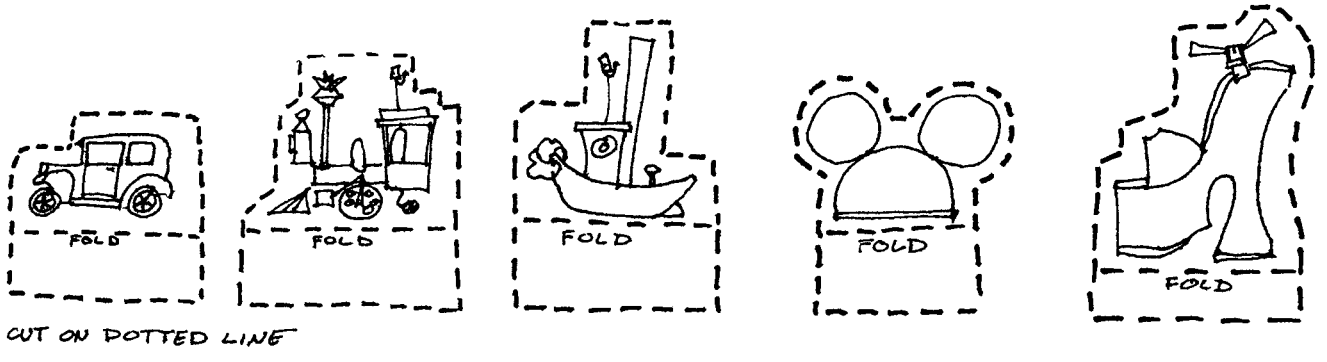
Henry G. Manne is Distinguished Professor of Law at the University of Miami Law School, and Director of its Center for Studies in Law and Economics. He received a B.A. in economics from Vanderbilt University, after which he studied law at the University of Chicago and Yale Law Schools, receiving his doctorate from the latter. Prior to his University of Miami post, Dr. Manne taught at the law schools of St. Louis University, the University of Wisconsin, and George Washington University. Most recently he was Keenan Professor of Law and Political Science at the University of Rochester. He has published some 65 articles, including "Fighting Back Against Controls" in the April 1974 issue of REASON. His most recent book is Wall Street in Transition, *a comprehensive survey of the effects of SEC regulations, just published by NYU Press, and his* The Economics of Legal Relationships *will appear this spring.*

The political and intellectual debate about the cause and effects of corporate size and industrial concentration has continued without resolution for nearly a century now. Apparently we are no closer to agreement today than we were during the murky and confusing debates on the Sherman Act over 85 years ago. The subject still affords a happy hunting ground for anyone seeking simplistic and often sensational solutions to questions of vast complexity.

I should like, therefore, to isolate the few aspects of the industrial organization field on which there may be general professional agreement and address myself primarily to the question of how best to secure greater benefits of industrial competition in relation to what we know and what we do not know.

We may start any logical analysis of this subject by pointing out that a high concentration ratio could signify either that relatively large size firms are efficient or that they have engaged in monopolization of some sort. It should be noted, however, that the efficiency argument does not in any sense mean that only one size of firm is optimal or will survive in a given industry. A competitive industry may well generate firms in a variety of efficient sizes. Further, various combinations of numbers of large and small firms may occur in a competitive industry with all of them operating at high levels of technological efficiency.

But it is essential to understand at the outset a point many economists seem to ignore. There are economies of scale other than the purely technological ones relating to the size of a factory or the output of a given plant. Competitive marketing strategies, management, labor laws, tax rules, safety regulations,



communications, and a host of other issues may all lend themselves to economies of scale in firm size, as well as account for varying optimal sizes for firms within an industry. Probably the single most significant nontechnological basis for large size relates to economies in complying with the myriad *regulations* affecting market contractual arrangements. That is, we have by various market regulations often made it cheaper to handle production through intrafirm arrangements, thus swelling size, than through contracting in the open market. An honest study of these costs, and the resultant effects, seems more overdue than another public debate over size and concentration.

It may not be remiss at this point to compare what we know about political parties to issues in industry. In the completely free political structures allowed by the U.S. Constitution, we have developed only two significant political parties. And one of these, measured by party registrations, is significantly larger than the other. Generally in the last 45 years it has achieved an overwhelming superiority of all votes cast. It would seem, by all of the criteria used by proponents of this bill to judge General Motors Corporation or IBM, that the Democratic Party should forthwith be reorganized into nine, or some other arbitrary number, of smaller, safer, more competitive, more innovative, and less politically powerful organizations. How else, after all, can we expect our system of democracy to survive, competing interests to be recognized, and freedom to prevail?

I am, of course, merely paraphrasing some of the rhetoric used by economists who have previously testified before this Committee. But the analogy is in no sense farfetched, and indeed the specter of only two competing political parties in a nation whose central government has become as powerful as ours, is more frightening to any thoughtful citizen than the vision of 200 large domestic corporations each competing in many ways for the consumers' dollars.

Yet no one with enough influence to be taken seriously has suggested that our political system is evil or that it exhibits monopolistic characteristics that could only be corrected by altering the structure of the parties. Still, it *is* a sobering thought.

MONOPOLY VS. LARGE SIZE

However, to return to industrial organization, the economic effects of monopoly power are twofold, and indeed the entire logical argument against monopoly, as opposed to large size per se, rests on these arguments. One is that these firms are in a position to realize unwarranted high profits, and the second is that monopoly power causes an allocation of resources to their less efficient uses. Unfortunately the latter point, while it may express the more significant informed concern about monopoly, is not subject to any direct tests of which I am aware, since we do not have any nonmarket standards for determining allocational efficiency. We are forced, therefore, by the nature of the data and techniques available, to limit ourselves to making comparative studies of returns in different industries and firms. And even this must be done with a clear understanding that our statistical and accounting techniques for assembling this data and interpreting it are not terribly reliable.

Nonetheless the studies done to date strongly indicate that there is little or no significant correlation between industrial concentration and corporate profits. To be sure, if one selects a particular year with peculiar characteristics, the figures can be made to appear otherwise, but in general, over a significant period of time, this *lack* of correlation seems well substantiated.

"By the criteria used by proponents [of S.1167], the Democratic Party should be reorganized into nine smaller, safer, more competitive, more innovative, and less politically powerful organizations."

This is not to say, however, that no firm in a concentrated industry may not be realizing monopoly profits. The studies referred to only indicate that there is no *causal* relationship between concentration on the one hand and monopoly profit on the other. We are, it appears, as apt to find companies earning a higher than market rate of return in nonconcentrated industries as in concentrated ones.

Indeed, one thing on which there is unequivocal agreement among economists—a rare circumstance indeed—is that monopoly rates of return are realized regularly in some of the least concentrated industries imaginable, those for personal services. Members of the medical profession, many other licensed professionals, and members of strong craft unions in particular all appear to display this characteristic. Again, as with political parties, it is rare to hear of remedial legislation being offered to remedy this clear monopoly problem.

In the industrial sector on the other hand, where remedies for unproved problems abound, monopoly rates of return, when they do occur, seem unlikely to persist for a significant period of time. The reasons for believing this have little to do with the complex econometric industry models and concentration ratios so popular in this computer era.

To begin, unless entry into an industry is actually prevented by law or private coercion, it is highly unlikely that new firms will *not* enter any industry in which some firms are presently and persistently realizing monopoly profits. The information cannot be hidden for long. In this fashion, as the new firms increase total industry production, they compete

down the monopoly profits previously being realized and will frequently be more efficient than the older firms.

This process of competitive entry is so powerful, and so irresistible without government protection, that we need only consider one possible limitation to it as a complete solution to any monopoly problem, real or imagined. There may be substantial nonproduction costs for entering an industry. These would mainly be entry costs associated with government regulations, since any other costs should be considered merely capitalized costs of production applicable to any firm in the industry. To the extent that these artificial entry costs exceed the present discounted value of anticipated net revenues from production and sales, monopoly profits can persist.

"Studies done to date strongly indicate that there is little or no correlation between industrial concentration and corporate profits."

In its most extreme form, when entry into an industry is made illegal (as when a certificate of public convenience and necessity cannot be acquired), entry costs become infinite. Then any monopoly returns being realized by firms presently in the industry can be anticipated to continue indefinitely.

But it should be emphasized that merely because the most efficient size for a new firm is large in no sense implies that artificially high returns to existing firms can persist. Start-up costs are simply costs of production and the fact that they are high because the most efficient size plant is relatively large certainly does not imply any monopoly power in the existing firms. There is no difference from an economic point of view in a large capital outlay for plant financed through periodic payments on bonds and equivalent periodic payments made for raw materials in another industry with low start-up costs. Each should be viewed as production costs. Yet some economists erroneously persist in referring to one of these as a "barrier to entry" and the other as a competitive cost.

PRIVATE MONOPOLIES?

The next reason for suggesting that S.1167 addresses itself to a largely imaginary issue is the growing body of evidence that private firms are incapable of perpetuating a monopoly or cartel by *private* means —though the same evidence also shows that they have frequently made the attempt. Recent historical works have made clear what economic theory had long implied about the perpetuation of monopolies: that it is prohibitively expensive to maintain a monopoly through purely private means. Especially to be recommended is the important work of Professor Ellis Hawley entitled *The New Deal and The Problem of Monopoly* (Princeton, 1966).

About the only clear case one can imagine of long-term *private* exaction of monopoly rents are those in which racketeers use physical coercion to restrict competition and prevent entry. Naturally we have no evidence about rates of return in such industries, but since such behavior is clearly illegal, its persistence would reflect largely a failure of law enforcement by governmental authorities rather than any evidence that private monopolization is normally persistent. In any event this type of behavior has not, at least in recent history, characterized any known efforts of large scale private industry in America.

Conventional business firms have much more frequently turned to the State or Federal Government for assistance when their private efforts to monopolize have failed. Competition is after all the most dreaded and threatening process any business firm can confront. Before its power the mighty cringe and giants beg for surcease. And when either the many or an influential few have "demonstrated a need for help," as the cliche has it, our government has long shown its helpful readiness to respond.

In fact, in this function of protecting competitive firms from the harsh rigors of competition, the government has demonstrated a significant comparative advantage over the private sector, apparently because its coercive powers are so much greater. But the reasons avowed for such protective legislation rarely describe honestly the actual motivation of either the industry seeking the protection or the government officials granting it. We are always told that government regulation is adopted to prevent unfair competition, to protect the consumer from shoddy or unsafe products, to avoid monopoly pricing, to prevent fraudulent behavior, to conserve future supplies of goods, to save the environment, or to protect American producers and consumers from a foreign menace. But we are rarely told the extent to which these regulations are encouraged or later supported for anticompetitive reasons. More likely we are treated to homilies about government-business partnerships and the social responsibility of corporations.

But who in politics will openly condemn the anticompetitive effects of the restraints government puts on competition today? Consider just for starters, how much the public would benefit from free entry into transportation or the television broadcasting industry; or from the repeal of tariffs and import quotas; or from a free market price for milk. Yet the suggestion that we repeal these obvious restrictions on competition brings howls of protest from the interests presently protected and a strange silence from some of the same political representatives who

express the most concern about the alleged monopolistic practices of big business.

Another reason that industrial monopolies are unlikely to persist in the absence of government protection is that most industrial markets today are in reality international markets. Few significant industrial items today involve such high transportation costs relative to price that the oceans provide a significant natural barrier to competition. This fact alone makes most of the data presently used to describe concentration in American industries almost useless. For instance, it is not uncommon to hear General Motors spoken of as having approximately one-half of the United States' automobile market, with a clear insinuation that this statistic signifies monopoly power.

But the facts do not bear out the insinuation. While General Motors did, until recently, make about half the automobiles sold within the United States and is naturally afforded some benefit over foreign competition by shipping costs, that does not tell us very much, since locational advantages are an important factor in any competitive situation. It would be foolish ever to try to act as if they did not exist. Still General Motors' fraction of free world vehicle production is approximately 22 percent, a figure that even the most ardent GM-baiters would not claim is sufficient to dominate an industry.

No one can honestly believe that the American automobile industry has not been subjected to intense competitive pressures from new entry in recent years. In the period since World War II the total number of corporations offering distinctive styles, sizes, and qualities of automobiles in the American market has risen perhaps five-fold, and the survivors now account for over one-and-a-half million vehicle sales a year. Names like Volkswagen, Datsun, Toyota and Volvo have become more common household words here than DeSoto, Edsel, Hudson or Corvair.

"Unless entry is actually prevented by law or private coercion, it is highly unlikely that new firms will not enter any industry in which some firms are realizing monopoly profits."

THE CONSPIRACY

These then are some of the reasons the various economic arguments against industrial concentration remain unpersuasive. There is, however, a "political" argument that should also be considered. It is that some corporations are so large that they are able to "control" the government, presumably as it were, to "buy" the protection, the subsidy, the transportation system, the war, or whatever they want from the government. The argument that companies like Standard Oil, du Pont and General Motors run our Federal, State and local governments like dictators is no longer simply a Marxist myth about the American system. It has become common fare for television commentators, journalists, self-styled consumer spokesmen and certain academics, all of whom speak with one voice—and a forked tongue.

Unfortunately the energy utilized in making these assertions is about the only force behind them, and again it does not require complicated empirical studies to show the error, or perhaps the mendacity, behind these assertions. Has the automobile industry, for example, been more successful in Washington than the environmentalists? Have the petroleum companies spent as much money lobbying for protective legislation as has the National Education Association? Has the steel industry received as much bounty from our seemingly universal Federal welfare system as have the elderly, the uneducated, or those stricken with a desire to engage in farming?

One could go on like this almost endlessly. But to ask these rhetorical questions is sufficient to make the point. There is simply no correlation between the concentration ratio in an industry, or the size of its firms, and the effectiveness of the industry in the halls of government. This scare argument about the political power of large corporations is a sham. We all know that the institutions that influence policies in Washington are those that can deliver the votes or utilize their finances to secure votes. And these are the very practices that large corporations are relatively weakest in performing, especially as compared to unions, farmers, consumer organizations, environmentalists, and other large voting blocks. There is even less substance to this political argument about corporate concentration than there is to the economic ones.

Recently Senator Hart stated that "time is running out for those," like himself, "who would like to see competition given a real try in the market place." However, to Senator Hart the reason competition has not been tried lies in what he termed "the evident failure of the existing structure [of industry]." That is, Senator Hart simply defines competition to preclude firms of a certain size, or industries with a certain concentration ratio. Having asserted this definition, Senator Hart has, not illogically, proposed S.1167, the Industrial Reorganization Act, to "make monopoly power a per se violation [of the antitrust laws] and . . . establish a Special Commission and Court to oversee the restructuring of seven major industrial sectors of the economy." The restructuring would take the form of super-antitrust decrees ordering, among other things, substantial divestitures by firms in affected industries.

Senator Hart has argued in defense of this bill that it would allow the government to intervene "only on

a one-shot basis. It would," he continued, "restrict industries where this would not sacrifice efficiencies. Then it would get [the government] out of the market."

NICE TRY, BUT . . .

I should be the first to congratulate Senator Hart on the statement of this worthy goal of getting the government out of the market. Unfortunately, however, I do not think that the vehicle chosen by Senator Hart will ever carry us to this brave new world. To be successful in this stated aim the following dreams would have to come true: the members of both the Special Commission and the Court established by the Bill would have to be satisfied merely to complete their assigned task and then abdicate their tremendous power and authority; they would have to know now to satisfactorily define and identify the limits of the industries to be restructured; the Government regulation would not sacrifice significant efficiencies or economies of scale; and the incentive for new firms to enter an industry would not be diminished by the threat of a punitive response to success. The lessons of history, economic theory, and practical politics argue overwhelmingly against every one of these assumptions.

No one can seriously believe that a Federal agency that has once tasted the addictive power of dissolving or restructuring the largest industries in America would quietly abdicate its political power when that job was done. Such a group will develop its own political interests, alliances, obligations and claims, and the very absence of concrete, objective economic standards of performance will guarantee that political criteria will prevail in their determinations.

By an iron law of bureaucracy this agency would do all in its power to perpetuate itself and expand its authority. And by a subsection of the same iron law, it would succeed. We have yet to see in the history of American industrial regulation an agency dissolved or liquidated after its initial task was accomplished. I see nothing in the proposed legislation suggesting that it is likely to happen here.

In the same speech Senator Hart alluded to the tremendous amount of resources that the petroleum industry has expended in gaining protection and subsidies from Congress. He is correct, of course, but he seemed to overlook the fact that it takes two to make that bargain. And as we look around at various industries, we are constrained to ask who has not done this. And more to the point, who has not succeeded?

It is unhappily almost impossible to name a significant industry in the United States that has not gained some degree of protection from the rigors of competition from Federal, State, or local governments. It appears, therefore, that the real costs of securing government assistance or protection from competition are not very large, even though the economic costs to the public may be enormous. Whatever the process is by which industries and firms achieve this governmental assistance, we can only be certain that if it were made more difficult or more costly to gain those favors, less of this "political good" would be demanded in the political marketplace.

But the solution to inefficiencies created by government controls cannot lie in still more controls. The politically responsible task ahead for Congress is to dismantle our existing regulatory monster before it strangles us. We have spawned a gigantic bureaucracy whose own political power threatens the democratic legitimacy of government. We are rapidly moving towards the worst features of a centrally planned economy with none of the redeeming political, economic, or ethical features usually claimed for such systems.

It is, as Senator Hart has stated, already late. In fact it may be *too* late. I have futilely urged the business community itself to stop seeking economic favors from the government. But, as should perhaps be expected by anyone who urges corporate social responsibility, I have gotten nowhere with this argument.

Now with a fearful sense that there may in fact be no one left to listen or to act, I would still urge this Committee to forcefully reject any new regulatory gimmicks and to get down to the much more serious task of freeing American competition from its single most serious opponent, the United States Government. ◻

COMING NEXT MONTH:

The April issue will focus on the problems of changing our political/economic system in the direction of greater individual and economic freedom. It will feature an exclusive interview with Leonard Read, president of the Foundation for Economic Education, for many years one of the country's leading advocates and practitioners of education as the best strategy for libertarians. Taking a different tack will be Howard Katz, director of the Committee to Reestablish the Gold Standard, who makes a case for strong political activism (as opposed to simply protecting oneself). Along somewhat similar lines, attorney Ridgway Foley offers a proposed constitutional amendment on voting reform, which (among other things) would add "none of the above" and "abolition of the office" to all ballots.

The April issue will also include Murray Rothbard's Viewpoint, Davis Keeler's Money column, and all of REASON's regular columns and features. Don't miss it!

IN THE COURT OF KINGDOM COME

Mark Tier

REASON seldom publishes fiction, and does so only when the work is particularly effective in making a point. Such is the case with Mark Tier's brief fable of the philosophy of anti-trust carried to its ultimate (logical?) conclusion.

It was the last day. The court-room hushed as the tall, white-haired figure of His Excellency, Sir Immanuel Ezuel, Chief Justice of Lesotho, strode to his place on the right hand of the Judges' bench.

As he sat down to his place, lifting his trousers just a little from above the knee, he nodded politely to his opponent sitting on the other side.

Frank Daniels, U.S. Attorney-General represented the United States as defending counsel in the case of *Lesotho* v. *The United States of America.* He returned the nod, a little too curtly perhaps; but today belonged to Ezuel.

It had been rumored that the President himself would sum up the U.S. case. No one doubted such a move had been considered. But, as *The New York Times* had said in the previous day's editorial, such a move would have been interpreted as weakness on the part of the U.S. In any event, Daniels, who had ably presented the U.S. case all along, had given the summation the day before. But the length of the proceedings, and their nature, had taken a toll. Some commentators said they thought Daniels looked the part of the losing man.

In contrast, Ezuel on this last day looked even more confident than he had on the first. *Private Eye* claimed that this was due to his Oxford education. In a series of background articles on Lesotho, *Newsweek* suggested that Ezuel had engineered the whole case to compensate for his subordinate position as Chief Justice of Lesotho. After all, at 67 he was two years older than his brother—the President. *Newsweek* insinuated that Ezuel was more interested in the international prominence his case had brought than in any rights or wrongs in the whole affair.

And his name has certainly become a household word around the world, while still nobody has heard of his brother.

The court stood as the seven Judges of the United Nations Supreme Court entered. There was a pause of a few moments as the TV technicians adjusted the lights and the cameramen adjusted the cameras which would carry the proceedings via satellite around the world (except to Lesotho which, in the words of Ezuel's brother, the President, "could not afford the satellite charges").

Space was at such a premium in the spectators' gallery that the U.N. Secretary-General had been forced to allocate only two seats to each member country. In the space reserved for the press, there wasn't even enough room for the contingent of journalists from New Zealand. So most of the journalists stayed at home or in their hotels and watched the proceedings on TV.

Despite the restrictions, there were a few interlopers crouching on the stairs, the railings, or wherever they could gain a perch. They brushed shoulders with the Soviet Foreign Minister, the President of France, and assorted other dignitaries from around the world.

The Soviets were taking a particular interest in the proceedings. They knew that if successful, Ezuel (or someone else) might launch a similar case against them. Secretly, they supported the U.S. At the same time, they tried to appear to be helping Lesotho. But they ended up fooling nobody but themselves.

With the exceptions of France and China, the rest of the world had divided into two camps: the Western, developed nations supporting the U.S., and the Asian, African, Arab and Latin American countries supporting Lesotho. France, while not supporting Lesotho, was taking a delight in the discomfort of

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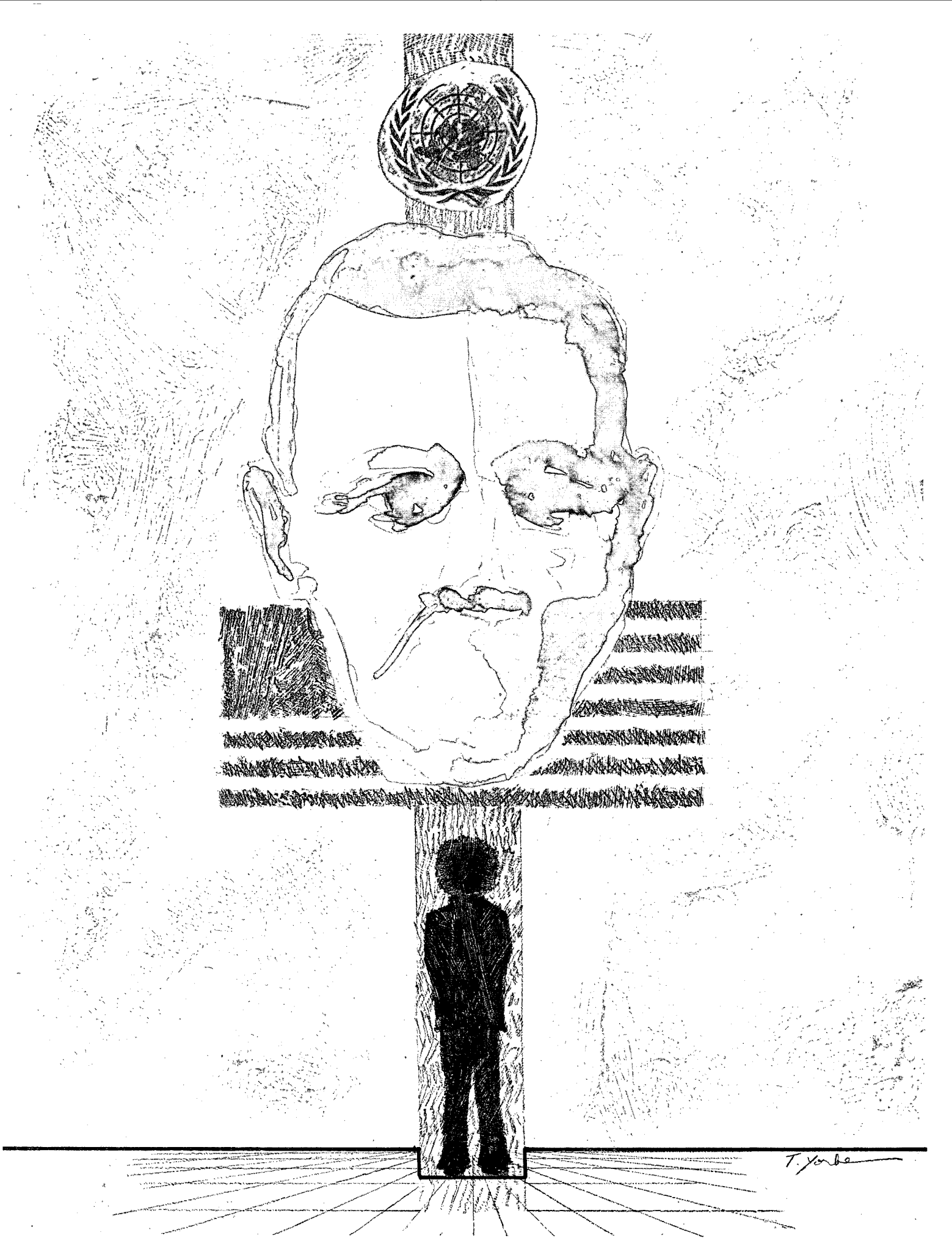
Mark Tier is a 27 year old Australian, who publishes a weekly economic newsletter as well as a booklet "Understanding Inflation." This story for REASON is his first publication outside of Australia.



its old antagonist, tripping along on anti-U.S. sentiment.

China was undergoing another internal upheaval. Reports leaking through the bamboo curtain suggested that the old guard had wanted to withdraw from the United Nations.

And throughout the English-speaking world, there was a Rudyard Kipling revival.

The U.N. Chief Justice (ironically, a white South African) rapped his gavel. "The case of *Lesotho* v. *The United States,*" he droned, "is reconvened."

He directed his gaze at Ezuel. "Sir Immanuel, are you ready to proceed?"

Ezuel inclined his head. His assistant handed him a couple of pieces of paper—his notes. Ezuel had received much assistance, both in money and information, from the nations that supported his stand. But he seemed to appreciate none more than the secretarial assistance provided. His assistant today was a pretty black woman, who was in fact American. She came from the Black Freedom Fighters, a group which had supported Ezuel quite heavily. *Playboy* reported that Ezuel "is an exquisitely dressed man, with a different Saville Row or Brooks Brothers suit every day. Though the style of his dress is of yesteryear.

"Nothing sets him off better than his choice of secretary—who changes as often as his suits. He seems to be taking the opportunity of sampling the assistance provided by friendly nations. He has squired a heady number of Afro, Asian and Latin women to the better New York restaurants and through New York upper-crust society where he has been an oddly welcome guest."

"My Lords," began Ezuel, with a dry and crisp very-English accent; then bowing his head slightly and turning to the gallery, "ladies and gentlemen.

"In the past weeks, much evidence and argument has been presented in this place. I do not think I need repeat very much at this time.

"I propose to take much less of your time than did my esteemed colleague yesterday. I would point out that much of his argument dwelled on the premise that the United States is a sovereign nation. The fact of his presence in this chamber, to my mind, negates his whole argument.

"In truth, sovereignty rests today in the United Nations, though certainly not complete sovereignty. Your Lordships, as supreme arbiters of that sovereignty, are charged today, I respectfully submit, with deciding the extent of the sovereignty of the United Nations. And, indeed, of the United States and Lesotho.

"In such a context, then, I will summarize our case very briefly.

"We have proved, I think beyond all doubt, that the United States is the most powerful, the wealthiest, and the most influential of all economic units in the world today.

"Their power extends far beyond their borders. Not only do many companies headquartered in the United States control business empires around the world, but the U.S. itself is one of the most important buyers of goods and services world-wide.

"I feel sure that we have shown, beyond dispute, that the United States Government has used all the power at its disposal to exploit its near-monopoly position in the world market so as to manipulate the economies of other countries in its favor.

"It has manipulated currency exchange rates in such a manner that sellers of goods to the U.S. have been left holding worthless paper; it has used trade embargoes and tariff manipulation to ensure that countries such as my own have been unable to gain their fair share of the U.S. market.

"The U.S. Government has entered secret, collusive agreements with companies, and with other countries, to increase the economic power at its disposal. I may say that it seems to me that the U.S. has often transgressed the U.S. Antitrust laws; laws which I would point out, have in most cases been directly transcribed from U.S. to U.N. statute books. And at U.S. insistence!

"In the case of Lesotho, we have repeatedly made representations to the U.S. Government to have our quotas on our agricultural exports raised, to no effect. We are, of course, not the only country in this position, as I have previously pointed out.

"But here we have the spectacle of the richest nation in the world ostensibly protecting its farmers from competition from Lesotho, probably the poorest nation in the world, when it could easily absorb our total output without noticing it! If we had access to the U.S. market, all our people would be able to live in relative comfort. As it is, at the moment our highest paid executive, the President, makes less money than would a U.S. farmer on unemployment relief!

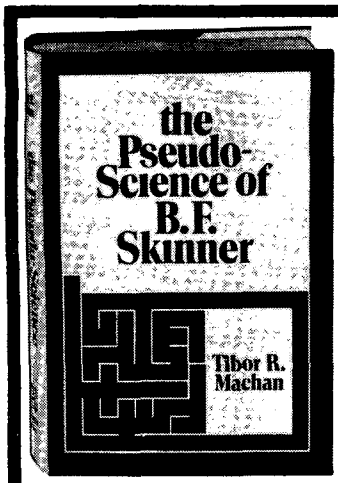
"I submit that this situation is grossly unfair, inequitable, and goes directly counter to the human rights outlined in the Charter of the U.N.

"My Lords, you now have at your disposal all the salient points which have been made again and again in these past weeks. I have reiterated them briefly, feeling that we all are sufficiently aware of them and of their justice that they need no further elaboration.

"Therefore, on the basis that the United States of America has used its economic power, gained through accidents of history, to the detriment of the poorer nations of the world, contravening the United Nations Antitrust Laws, I ask, on the basis of these same Antitrust Laws, that the United States of America be broken up into its 50 constituent States, thereby restoring economic competition to the world marketplace.

"I rest my case."

The Chief Justice tapped his gavel. "The Court will adjourn until tomorrow at 10 a.m." ◻



Brilliant libertarian searches out the flaws—and the menace—in B.F. Skinner

The followers of B. F. Skinner reject free will and human dignity, says Tibor R. Machan. In its place they propose a society of programmed people—trained like the rats and rabbits of Dr. Skinner's laboratory.

Driving to the heart of Skinner's philosophy, Dr. Machan demonstrates that Skinner has strayed far from hard science in his wanderings from the laboratory into the world of politics and social philosophy. The dirty secret of Skinner's "scientific" writings on society is that they are actually pseudo-scientific dabblings into fields which Skinner knows little about. But his votaries in the press, the academy and the liberal pulpits treat his words as holy writ.

In his attempt to become a modern philosopher-king, Skinner caters to the elitism of his devotees. Dr. Machan shows that these elitist ideas are *not* new. Rather, they are basic to totalitarian thought in the 20th century.

This cool evaluation is a major contribution to contemporary thought; and, for Skinner followers who would test their secular faith against its philosophical underpinnings, *must* reading. For the first time, a trained philosopher gives a non-conditioned response to Skinner's view of man and society...and offers an alternative which upholds individual dignity.

Tibor Machan reveals B. F. Skinner's theories as

- masked in scientific jargon, even though pseudo-scientific
- destructive of individual responsibility and worth

B. F. Skinner's attack on freedom and dignity—now refuted

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- Skinner's idea of science: the tired old fallacies.
- Man and the laboratory rat: do they really behave the same way?
- Skinner's moral prejudices. How he tries to dress them up.
- Why Skinner is a new leftist hero.
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FINE ART AS INVESTMENT

P David Marcum

It is not enough just to know the causes of inflation, and what the government could do to stop it. Such knowledge may be satisfying, but it doesn't help pay the bills when the dollar loses 20 percent of its value in a year. Thus, one of REASON's functions is to help our readers protect themselves from the misguided government policies we help to expose. As part of this effort, in our January issue Robert Crim explained the basics of numismatic coin investment. In a similar vein, art expert David Marcum here provides a basic introduction to the world of fine art as a vehicle for investment.

The age of the noble and quasi-noble collector of fine art has passed. Remnants of this tradition still glimmer faintly when such notables as J. Paul Getty or Norton Simon appear on the auction scene, but in the last 20 years, there has developed a rapidly expanding art market which appeals to the tastes and, more importantly, to the pocketbooks of the less princely endowed. Now it is not the Baron who bids on paintings or transacts private sales, but groups, art syndicates, galleries, and individuals of the middle and upper classes of America and Europe. Aesthetic awareness has become a definite and important aspect of the life style of the affluent.

But, there is another dimension to fine art that separates it from the general necessities of existence such as transportation, clothing, food, and shelter. Fine art has, over the last 20 years, proven itself to be an excellent investment. In general, art has been an appreciating asset, keeping its value well ahead of the mounting inflationary plague. In a *Barron's* (Dec. 31, 1973) article entitled "Care to See My Etchings?", Franz Pick wrote, "In the backwash of global monetary destruction, the 'new order' of value resulted from public auctions of most of these objects (fine art), shifted etchings to the top of the list, with an unexpected advance of at least 400% above 1972 prices of which about $23,000.00 was the highest."

In the last year or so, recognition of the potential of using fine art as an investment medium has made itself evident in articles of a semi-technical and popular nature. This is an excellent indication that art is showing solid investment potential, that is realizable by the common investing public and is gaining wide acceptance. To cite one example, the May 23, 1973 issue of *Financial World* contained an article entitled "Art as Investment Outspaces Stocks" by Lee Berton. Berton briefly outlined some of the then-current conditions of the art market and offered a few tips on buying art at auction. The most significant feature of Berton's article was a summary of the Times-Sotheby Art Index, a table of relative value increases of certain categories of fine art over a 19 year period starting in 1950. Also in the summary was the value increase for stocks. While Dow Jones Industrial Stocks rose three-fold from 1950 to 1969, certain types of art had increased at a far more dramatic rate. The average price of old master prints had increased 37 times in the same time span, modern paintings had increased 29 times, and Chinese porcelain 24½ times. Less impressive, but still substantial, were English porcelain (up 4 times), French furniture (up 5 times), modern books (up 9 times), and English silver (up 8 times). English silver, however, was down during the writing of his article due to overspeculation in the 1960's, but even in the wake of this market decline the overall value from 1950 was up 8 times.

P. David Marcum has a degree in art history and has carried out independent academic research on the historical behavior of the art markets. He has an undergraduate minor in philosophy with an emphasis on aesthetics, and has a background in studio art (painting, drawing, and lithography). At present, he is actively brokering fine art, and is preparing a series of lectures and informational pamphlets on various aspects of fine art investment and allied topics.

MARKET HISTORY

It is important to understand the evolution of the art market to its present day investment oriented structure. The history of the art market may be conveniently divided into two separate periods. Before 1900, art collecting was undertaken by the aristocracy and the benefits derived from collecting were mainly social prestige and aesthetic pleasures. Investment and art were fairly separate concepts. At the turn of the century, there came a marked change in the art market. This change was due to the fact that wealthy Americans began to collect art avidly. For the first time, nonaristocrats, people without family heritage collected very expensive art.

"In general, art has been an appreciating asset, keeping its value well ahead of the mounting inflationary plague."

The acquisition of fine art by Americans at the turn of the century created a competitive market for high quality European works. Certain pieces were in particular demand and were bought and sold several times in the space of 30 years. For instance, Rembrandt's *Aristotle Contemplating the Bust of Homer* was bought and sold three times by Lord Duveen, the foremost art dealer of the early 20th century. The result of any demand market in which the supply is low, is that prices climb, and an investment potential is established. Such was the case with the American art market at the turn of the century.

The popularity of buying art and antiques strengthened the public auction house and the specialized art gallery. Both institutions had existed previously, but their prominence increased during this era, for they helped collectors other than the very wealthy via a larger distribution of art objects to the general public.

Specialized galleries have helped the collector by devoting their resources to one particular type, style, or historical period—contemporary American graphic work, XVI century French furniture, or Oriental porcelain of dynastic age, for instance. Because of their focus, these galleries have sophisticated communication systems which keep them informed about prices and the whereabouts of pieces in their field. A generalized gallery will be less likely to have this kind of detailed information on all fields they carry.

Not only have auction houses and specialized galleries expanded since the 1950's, but during the same period there has been a boom in art market activity and accelerating increase in prices to the point that art, now, has the unique position in 1975 to be one of the favored alternatives to many traditional forms of investment. The art market has evolved from the frivolous collecting of bygone aristocracy to the serious collecting of today's businesspeople.

BUYING ABROAD

The major centers of art market activity are London, New York, Paris, and Zurich. The reasons why these particular cities are most important is because they are responsible for the solving or partial solving of the problems of taxation, export-import problems such as restrictive National Treasure Laws, and governmental import appraisals for tax purposes which generally place unrealistically high values on art. The English, and to a lesser extent, the American Governments, interfere to a smaller degree with the exporting of art than any other government.

"The average price of old master prints increased 37 times from 1950 to 1969, modern paintings increased 29 times, and Chinese porcelain 24½ times."

Investors and collectors should be wary, however, of other countries' laws when buying art abroad. For instance, France's national museums have a pre-emptive right of purchase at any public auction. This means that any museum may pay the price of the last bid for any merchandise, despite the fact that the individual bidder was willing and able to pay the last bid.

Other countries in which the export or purchase of art becomes difficult are Italy, Turkey, and the Central and South American countries.

For example, Italy's laws on export of fine art are extremely complex and frustrating. Any work of art exported must have an export license granted by a superintendent of a given geographical area. These

Girl In A Swing; *Henri Fantin Latour, late 19th century.*

licenses may become extremely expensive and expand to 30 percent of the market value of the work. The superintendent may even completely refuse to grant a license.

The tremendous increase in the market for antiquities of Pre-Columbian and bronze age Anatolian (Turkish) art has caused tightened controls and policing of archaeological sights in these areas. Turkey is one of the richest areas for antiquarian art and the amount of ancient art and jewelry smuggled out of the country by art dealers has been phenomenal. Huge penalties may be placed on those caught with smuggled or allegedly smuggled goods. The exporting of some smuggled artifacts to the U.S. has even caused slight diplomatic rifts between the two countries over the past 10 years.

A full scale inquiry into a country's laws on buying, selling, exporting, importing and taxation should be undertaken before one starts operating in those areas.

PICK A SPECIALTY

It is impossible for one individual to grasp the whole of fine art collecting, so initial specialization is

valuable. One may effectively branch out to other areas in time, after careful study. Knowledge of your area of investment is imperative. Heedlessness, impetuous buying, and trying to obtain *any* "good deal" are not the keys to the accumulation of a fine collection for investment, personal satisfaction, or both. Reading a general art history or more specialized text is an excellent idea for anyone unfamiliar with the diversity and boundless investment alternatives in the fine arts. It would also enable the neophyte investor to get a better idea of where his interests lie.

In the actual purchase of art, investors would do well to follow these suggestions:

[1] *Shop around*—The area in which one lives, depending on its affluence, may have several art outlets. Become familiar with these; investigate their reputations and their authentication procedures. Compare prices to the degree possible.

[2] *Inspect carefully*—Keep an eye open for paintings that have been touched up or overcleaned, repaired furniture and sculpture, reproductions being sold as originals, stolen items, hazy pedigrees, and chipped, cracked or broken *objets d'art.* Examine all merchandise carefully. Ask questions and watch the proprietor's manner. A knowledgeable and reputable dealer knows about his own stock.

[3] *Go to auctions*—If your area has art auctions, visit them several times before buying. Learn how they operate and see what type of competition you will have to deal with. When bidding, keep a detached manner. Extravagant prices are often paid in the heat of competition. This is known as "auction fever." Get a feeling for prices in your chosen area of preference.

[4] *Ask questions*—Ask dealers, auction house representatives, and most importantly, other collectors. These will be a valuable source of information.

One of the traps which beset the investor is the constant temptation to get too attached to a work of art. Art can be immensely satisfying in a way wholly alien to economics. Always keep in mind that when you invest, the resale may bring profit, which can then be used to purchase a finer work. Investment in fine art has an ongoing emphasis just as investment in the stock or commodities market does.

Finally, and perhaps the most important, there is always that interest in the mediocre and the novel which seems to be omnipresent in our society. Novelty and mediocrity have little aesthetic merit and have monetary value only in times of great economic boom or current fad. The final factor in the value of a work of art is ultimately based on quality. For that reason, investors should be wary of buying items of a faddish nature. For instance, the market for Pre-Columbian low quality ceramics, contemporary American painters of abstract persuasion, or early American bric-a-brac (i.e., glass insulators, old soda pop bottles, and inexpensive silver plate), are just a few of the examples of the types of items that would drastically decrease in value in a generally depressed art market. One may buy a Rauschenberg abstract painting, and for a similar price, a rare and fine example of a Dürer woodcut. In a depressed art market the quality of the Dürer would always make it a desirable work, and, although markets would be thinner, price loss would be minimized. I have reservations about the value of the Rauschenberg. In buying contemporary work for future profits a great element of ultimate financial gain has an element of luck involved. Will the artist rise in popularity? Will he stay popular or is his work a passing fad? In the beginning, it is better to buy traditionally recognized work for those above questions may be easily answered in the negative. The more speculative venture into contemporary art should only be made after careful study and a lengthy involvement with buying and selling.

"The English, and to a lesser extent the American governments, interfere to a smaller degree with the exporting of art than any other government."

PITFALLS

There are several important pitfalls to be avoided when investing in fine art. Firstly, the market for fine art is often a thin one, and becomes more so the higher the quality and price of an object. This problem was more important 30 years ago when there were fewer collectors, but the situation still remains. The best solution is to establish contacts with fine art brokers, reputable auction houses, or good galleries. Keep up correspondence with collectors in your field as they may know of outlets.

Secondly, low income investing has its problems. Generally, the lower price ranges in fine art are offering more and more aesthetically worthless articles than the higher priced ranges. Sensitivity to quality in any price range is an important faculty to foster and can only be developed by study and familiarization within your chosen area of interest. For instance, the 1960's produced an unprecedented rage for impressionist works. A fine painting by Monet may easily cost a half of a million dollars today; however, some of the lesser known impression-

ist painters' works may be purchased for under $50,000.00. The major impressionist artists are therefore very expensive and exclusive so there has justifiably been more of an interest in minor and pre-impressionist artists by collectors searching for lower income investments. Henri Fantin-Latour, a French artist of high technical ability, a man whose art spans academic and impressionistic technique, known for flower still lifes (i.e. *Flowers and Fruit, 1865, The Louvre*), is still virtually unknown to most collectors. His graphic work is still relatively inexpensive ($100-$500) and there is good reason to believe he may be an important low income investment as the prices for the impressionists have made them unattainable for the bulk of collectors.

The consideration of changing fashion is also of concern in investing in fine art. Fashionability in the collecting of fine art has its roots deep in the 19th

Aristotle Contemplating the Bust of Homer; *Rembrandt, 1653.*

century societies of Europe. Present day American society manifests this tradition with fluctuations in the fashionability of owning certain artists almost on a seasonal basis. Prices for art generally mirror what is fashionable and what is not fashionable.

One can cite many examples of the prices for art that have fallen or risen due to fashion, fad, or speculation. Fine French tapestries enjoyed a high premium at the turn of the century as did Victorian portraiture. Both fell in price partially because of the depression, and because they simply went out of vogue.

Not only may works fall out of fashion, but also may rise out of relative obscurity and show large price gains. For example, the two Chinese cloisonné snuff bottles illustrated could have been purchased in 1960-1962 for approximately $20.00 each. Being of good quality, benefiting both from the rising fashionability in snuff box collecting and the growing American interest in cloisonné, they now have an estimated market value of $250.00 each.

Since prices can fluctuate so readily, the alternative the investor should choose is to buy quality in all price ranges as these items tend to hold their price for the following reasons: when an economy is depressed, money is more dearly held on to, and buyers become more selective. Buying of the avant garde or the second rate is minimalized. In a bullish economy, quality is bought because there are always people who are true connoisseurs and set their aspirations above the common and mundane, plus having the financial ability to realize their ambitions. Perhaps it is for the above reasons that the prints of Pieter Brueghel, the genius Flemish artist, have on the average advanced some 50 times in value from their base prices in 1950.

Fashion changes are frustrating to the novice investor, but fakes, forgeries, and misattributions are the dangerous pitfalls which any collector may fall into. Over the past 20 years faked paintings, prints, sculpture, and *objets d'art* have become a permanent, ever growing, and ever more difficult to detect phenomenon of the art market proper. One of the largest fake markets at present is in the area of antiquities which includes Near Eastern and Pre-Columbian art. Every year American tourists bring home "Mayan" figurines from Central America by the droves, losing anywhere from a few hundred to thousands of dollars per figurine. Following the abovementioned fakes the most dangerous areas are the late, middle, and early 20th century watercolors, drawings, and paintings. It is difficult to understand how so many alleged Matisse, Picasso, and Chagall watercolors and drawings (just to mention a few) exchange hands for thousands of dollars without so much as a question about authenticity from the buyer, nor any offer of authenticity from the vendor.

"Novelty and mediocrity have little aesthetic merit and have monetary value only in times of great economic boom or current fad."

I ran into a classic example of an attempted fraudulent sale of a painting in Chicago, Illinois. I came upon a gallery showing a 19th century Venetian or North Italian school piece painting. It had some merit and upon inquiring about the price I was told that the painting was by the great master Correggio. A Correggio of that size (3' x 4')in as fine a condition as that, would sell for several hundred thousand dollars and would probably be handled by the finest

auction houses in the world. Being of museum quality, publicity would precede the sale and a brochure would have been published describing its pedigree. The gallery owner said that, of course, they would take only a fraction of the real market value and I could place my bid with her in absolute confidence.

Every collector and investor wishes to find a lost Raphael for $50.00 in a junk shop. But finds of that type are very rare. It also takes a well trained eye and much study before one can discern a piece of art amidst acres of useless rubbish in a junk shop.

"Since prices can fluctuate so readily, the investor should buy quality in all price ranges, as these items tend to hold their prices."

The question remains, what can a collector do about such a situation? Firstly, by following the guidelines under effective investing and collecting one can hedge against this problem. Secondly, reliable dealers are important in that they are trained professionals with integrity. Thirdly, when beginning to collect shy away from artists most often faked until a greater knowledge of their style is accumulated, and even then only buy one with a fine pedigree. Finally, tend to choose items which display a virtuoso technique. The higher the level of craftsmanship, the less the possibility of it being successfully faked.

THE FUTURE

In general, quality auction houses provide the finest method of either buying or selling fine art. Auction houses have what is known as pre-auction shows in which the lots are shown to the public for scrutiny before the sale. Auctions allow anyone to bid, which helps one remain anonymous, if so desired. This is important for several obvious reasons. It should be pointed out that there has been a growth in strictly cash transactions, and some dealers have abandoned store fronts, performing their services on a very personalized basis. Oftentimes they have but a few high quality pieces and work out of hotel suites, thus keeping their overhead down.

The U.S. seems to have come to an age of growing aesthetic awareness and because of the condition of the Western economies over the last 10 years, art has indeed, become a major alternative to many traditional investments. I would, however, emphasize a few words of caution. The condition of the American economy in early 1975 points toward a probable *redirection in art market activity.* Liquidity is the major concern of all investors. The question of what will be the more dangerous, either future inflation or future recession, weighs heavily in light of the concern about relative liquidity. Of course the general outlines for buying art put forth in this article are applicable to both economic situations; however, if a severe recession should ensue in 1975, the thinness of markets could curtail profit margins greatly in art investments.

There are, however, two possible, positive aspects to art investments during a period of severe recession. Dealers will stock only finer pieces of art. Again, when money is dear, there is little frivolous buying by either collectors or dealers. Secondly, over-inflated prices will settle and current fad art items will drop out of the market, thus making long range investment possibilities more defineable and manageable. Always buy carefully, with knowledge and settle for only the finest in any price category.

In conclusion, I would like to quote Marc Rosen, assistant vice-president of Park-Bernet Galleries, "A Dürer, Rembrandt, or Pieter Brueghel is worth more to a lot of people I know than a certificate in IBM or Xerox. You can't hang a stock certificate in your living room." ◻

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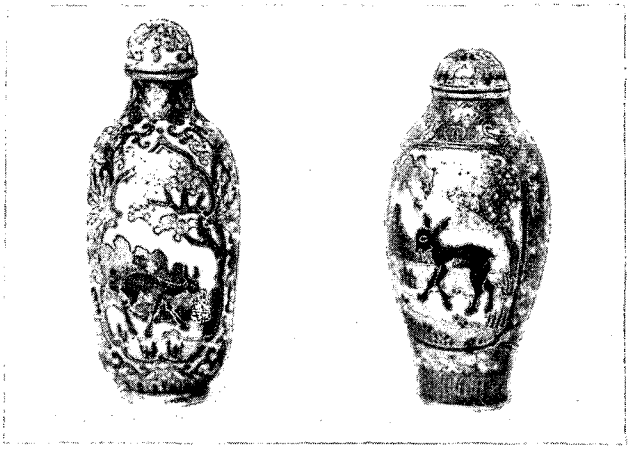


Two Chinese Snuff Bottles of good quality with ivory stoppers.

editorial

THE U.N.: THINKING ABOUT THE UNTHINKABLE

The United Nations has never been known as a supporter of human liberty. Even most of its defenders concede the substantial hypocrisy of its imposing sanctions on South Africa for practicing apartheid while ignoring such perturbations of world peace as the Soviet invasion of Czechoslovakia. Yet most Americans have continued to give lip service to the U.N. as the "best hope for peace" in an admittedly less-than-perfect world.

The past few months have seen a sudden change in this tacit acceptance. The actions of the recently-ended session of the General Assembly have given even staunch U.N. supporters pause. To recap briefly, the General Assembly, dominated by its Third World majority of 100 states,

- Recognized the terrorist Palestine Liberation Organization as the equivalent of a state;
- Suspended South Africa from membership;
- Barred Israel from UNESCO participation;
- Passed an incredibly collectivist "Charter of Economic Rights and Duties of States."

As if this weren't enough, the Chinese delegation, supported by about two dozen others (including Japan) is attempting to revise the U.N. charter to do away with the Security Council veto power—currently the only protection afforded to the United States against unlimited majority domination by the Third World delegations.

Reaction to these moves has been swift and far-reaching. U.S. Ambassador John Scali delivered a blistering attack on the "tyranny of the majority," only to be answered in kind by Third World representatives. Over 80 of the 100 members of the U.S. Senate protested the Assembly recognition of the PLO, and called into question continued U.S. support of the U.N. Retiring Senator Peter Dominick, in his farewell address, called for U.S. withdrawal from the General Assembly. Congress so far has halted all new payments to UNESCO, refused to support U.S. participation in a new U.N. development fund, and came close—for the first time in 29 years—to reducing U.S. payments to the various U.N. special funds.

Public reaction also reflected the changed mood. Sales of UNICEF Christmas cards dropped significantly, the U.N. Association reported many anxious queries, and a Harris poll showed that the U.N. was viewed positively by less than 50 percent of the public, even before the PLO incident. "If more Americans knew what was going on here," one U.S. delegate reported, "they would be even more discouraged about the U.N."

Thus, events have presented us with a unique opportunity to focus critical attention on the U.N. What was "unthinkable" when Barry Goldwater suggested it a decade ago is suddenly very much within the realm of possibility: U.S. withdrawal, in part or completely, from the U.N.

Many "realists" will argue that despite the distasteful rhetoric we must endure from that body, it is in the interest of the U.S. to remain in the U.N., so as to keep it a viable force for world peace. This argument presumes (a) that "world peace" is invariably of primary value, (b) that the U.N. is an important force for world peace, and (c) that U.S. presence is essential to keeping the organization viable. Each of these assumptions is open to question. Due to the collectivist philosophies of most of its members (only 30 of the 138 even have a free press), "peace" tends to be viewed by the U.N. as more important than freedom—a value judgment with which many Americans would disagree. Further, it is doubtful that U.N. actions contribute much to world peace. Recent events in southern Africa presaging a new detente among Rhodesia, Zambia, Malawi, Mozambique, and South Africa had little to do with the years-long U.N. boycotts of Rhodesia and South Africa. Rather, they resulted from coldly rational calculations of self-interest and self-preservation by the governments of the two white-ruled states, in light of Portugal's decision to pull out of Mozambique. It is power and national interests that motivate states (and always has), not debating societies and appeals to higher values. Finally, is U.S. membership essential to the U.N.'s continued existence? The real meaning of this question involves the U.N.'s finances. It is true that the U.S. still provides 25 percent of the U.N.'s basic operating budget (down from as much as 50 percent in the early years), but the new-found wealth of the Third World Arab states could easily substitute for the half-billion dollar per year U.S. contribution.

It seems clear, then, that there is no compelling reason for the U.S. to retain its current membership status in the U.N. In real-world terms, however, the question to be faced is: what is the best way to disengage so as to make the most of the opportunity? There are two objectives to be served by such disengagement. The first, and foremost, is to take a clear-cut moral stand in favor of liberty and against the hypocrisy, deceit, and coercion that increasingly characterize the U.N. The second objective is to free American taxpayers from a half-billion dollar a year burden.

There appear to be three principal policy options (other than resignedly accepting the status quo). The first (and unfortunately the most likely, because least radical) is to selectively withhold contributions from certain U.N. activities, in retaliation for particularly odious U.N. actions. This policy is already being tested, with the predictable result of increased vilification of the U.S. as a blackmailer and bully. Another aspect of this moderate policy would be to get the U.N. to move its headquarters out of the U.S.—perhaps to Uganda, as suggested recently by that country's dictator, Idi Amin—and thereby reduce its impact on the U.S. This compromising policy would accomplish neither of the two objectives stated above.

A second option is the one advocated by Sen. Dominick: U.S. withdrawal from the General Assembly only. This approach has the advantage of refusing to sanction the General Assembly circus, while retaining the U.S. veto power in the Security Council, as a safeguard against dangerous U.N. actions. It would, however, require the U.S. to continue paying its annual assessment, thereby failing to achieve the second policy objective. American taxpayers would still be financing a propaganda organization promoting international political and economic interventionism.

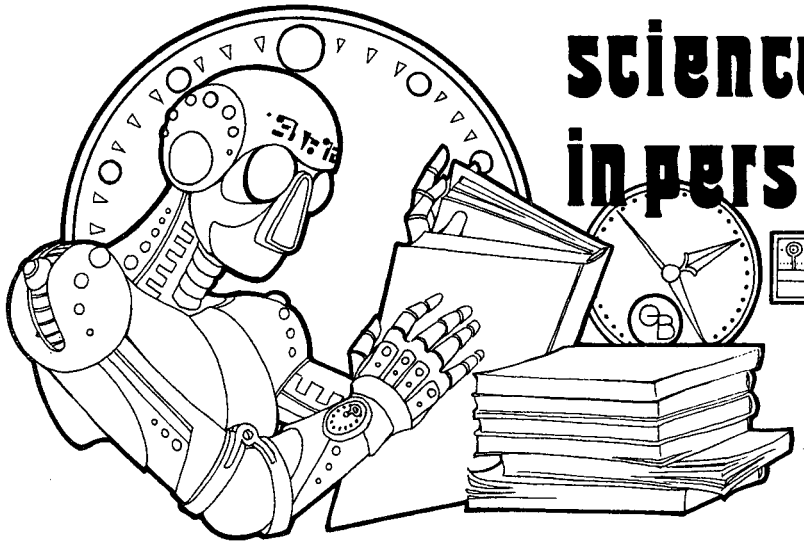
The third option, of course, is to quit the U.N. altogether. This approach would make the moral point absolutely clear-cut: the U.S. wants no part of an organization based on collectivism and hypocrisy. Let them take their resolutions, programs, charters, declarations, and boycotts and shove them! Since the U.N. really has only symbolic value anyway, the loss of the U.S. veto would be inconsequential. Such a decision would not cause international havoc; it would merely upset a lot of pompous pretensions.

It is precisely *because* of the symbolic value involved that the United States should withdraw from the United Nations. In its earlier, isolationist days, the United

States served as a symbol to the rest of the world: a land of freedom and individualism. America did not try to buy respect by solving the world's problems for it; it was respected for what it *was,* for the example it set by keeping its own house in order.

Today there is one major nation that, while not perfect, does keep its house in order. It stays strictly out of other nations' affairs, protects individual rights within its borders, provides a laissez-faire climate for business, respects absolutely the privacy of financial dealings, and backs its currency with gold and silver. Switzerland is an example for all the world . . . and it does not belong to the United Nations. The U.S. would do well to profit by its example.

ROBERT POOLE, JR.



science fiction in perspective

JOHN J PIERCE

John Pierce's Science Fiction column alternates monthly in REASON *with Davis Keeler's Money column.*

NIVEN AND POURNELLE

The evolution of science fiction, like that of life, can take strange turns. Its history has been one of mutation, adaptive radiation, hybridization—and sometimes bastardization. And there are throwbacks . . . .

One hardly knows what to call one recent turn, a novel by Larry Niven and Jerry Pournelle called *The Mote in God's Eye.* But one of the side-effects of this unlikely collaboration is a crash course in the development of SF over the last 30 years.

It was about that long ago that Isaac Asimov, in his *Foundation* series, accidentally invented the Galactic Empire—an empire of titled nobility and feudal social structure, populated (for some unaccountable reason) solely by *Homo sapiens,* without an alien in sight.

Asimov's interest was in Toynbee's theory of challenge and response in history, and his epic drew on Roman and medieval parallels—but with the key additional element of "psychohistory," a science of social dynamics that enabled his "Foundations" to shorten the dark age following the collapse of one empire and guide the birth of the next.

Perhaps because it appealed to the nostalgia for Ruritania, the Galactic Empire soon became a staple—and eventually the bane—of science fiction. A. E. Van Vogt, H. Beam Piper, Poul Anderson and a host of others were soon creating galactic empires right and left, no matter how much they were lambasted by critics for transplanting feudalism into the future.

Of course, it's not necessarily unrealistic to project authoritarianism into the future—current trends are ominous enough. And one could even draw parallels between the power structures of feudal society and political machines. But parallels are only parallels—history never *exactly* repeats, especially in customs and terminology. The Latin "imperator" didn't always refer to a monarch, while today we already have imperial powers attached to the title of "chairman."

That is why, for example, Cordwainer Smith's Instrumentality of Mankind with its utopian mystique and its presidium-like council of chiefs overseeing a bureaucracy of commissioners, subcommissioners, magnates and the like, is more convincing than the galactic empire Anderson has inherited from his early works of the 1950's with its emperors, dukes, counts and court ceremonies.

Not that Anderson hasn't written some excellent novels with this background, such as *The People of the Wind* and his underrated *The Rebel Worlds.* But writers newer to the SF scene tend to avoid the cliches of historical cycles, even while continuing to work the underlying themes—in Ursula LeGuin's future, the nonmonarchial but still oppressive League of All Worlds represents the "imperial" phase.

As for Niven, he has never treated history as a cyclical phenomenon at all. His Known Space series was one of straight-line development, from a viewpoint that could be called either "conservative" or "liberal," depending on how you look at it—world government and population control at home, expansion into space and alien contact abroad and, most important, human history becoming part of an already ongoing galactic history.

Niven's hallmarks are his inventiveness with alien beings and cultures (Puppeteers, kzinti, handersnatchi, and monks), cultural dislocations arising from new technology ("organlegging" becomes a crime as the demand for transplants increases), bizarre worlds (Jinx is like an Easter egg, with airless poles and a soupy ocean around the equator), and ultimate engineering wonders *(Ringworld).*

Pournelle's works, by contrast, read as if the man had never had an original idea in his life. He has not only revived the galactic empire in science fiction—he *believes* in it. Niven may be conservatively skeptical of libertarianism ("Cloak of Anarchy"), but he's a humane writer without any real axes to grind. Pournelle takes seriously the virtues of militarism and imperialism as, in some conditions at least, the only hope for humanity.

(continued on page 36)

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Prices on gold and silver coins vary substantially each day. For this reason, you should call us for the latest prices. We will give you a telephone quote which will hold for 3 or 4 days until your check arrives. Fully insured coin shipping prices paid by us.

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CITY _____ STATE _____ ZIP _____

PLEASE SEND:

_____ Modular Yearly Supplies (150 pounds of whole kernel wheat included) @ $399.00 each

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_____ Modular Yearly Supplies with 30 cans of:
☐ whole wheat flour; or ☐ white flour @ $449.00 each

_____ Stone grinder @ $43.00

_____ PCP Water Purifier @ $39.00 (removes polluting particles and kills bacteria; good for 1,500 gallons of water)

OPTIONAL CASES:

_____ Case K @ $41.70

_____ Case L @ $20.75

_____ Case M @ $39.45

_____ Case N @ $47.65

_____ Case O @ $54.80

(For other items, please use separate sheet to list your purchase.)

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Bank References at Request

CONTENTS OF 12-MONTH MODULAR SUPPLY
37 Items plus 3 Books

ALL CANS ARE #10 SIZE (EXCEPT YEAST), EACH BEING SLIGHTLY SMALLER THAN A GALLON.

FOOD GROUP	QUANTITY OF CANS	NET WEIGHT IN POUNDS	NO. OF SERVINGS	REMARKS
PROTEINS				
Beef Flavored Textured Vegetable Protein (T.V.P.)	4	10	126	These four items are equivalent in proteins to 86 pounds of lean meat.
Chicken Flavored T.V.P.	2	5	63	
Ham Flavored T.V.P.	2	5	63	
Plain T.V.P.	2	5	63	
Whole Eggs, or Scrambling Eggs	2	6	192	Contents are of 192 eggs.
Peanut Butter	1	3	96	Based on ½ ounce servings.
Cheddar Cheese	1	3¼	104	Based on 1 ounce per serving.
Baby Lima	1	5½	57	Based on 4 ounces per serving.
Green Split Peas	1	5½	57	Based on 4 ounces per serving.
Soup, Beef Based	1	4½	100	Based on 6 ounces per serving.
Milk, Regular, Non-Fat, High Yield	12	48	920	After reconstitution with water, 230 quarts are obtained to provide 920 of 8 ounce servings.
FRUITS				
Apple Sauce	1	2¼	86	After reconstitution with water, these items are the equivalent to approximately 100 pounds of fresh fruits and provide about 500 of 3 ounce servings.
Fruit Mix	2	5	184	
Banana Slices	1	2¾	86	
Peach Slices	1	2	73	
Raisins, Seedless	1	4½	80	
VEGETABLES				
Stew Blend	1	1¾		After reconstitution with water, these items are equivalent to approximately 220 pounds of fresh vegetables and provide about 400 of 4 ounce servings.
Granulated Potatoes	2	12		
Peas, Green, Garden	1	2¾		
Tomato Crystals	1	2½		
Cabbage Dices	1	1		
Carrots	1	1		
Green Beans, Cut	1	1		
Soup Blend	1	1½		
GRAINS				
Corn Meal	1	4½	42	Based on 4 ounces per serving.
Rolled Oats	2	5½	84	Based on 4 ounces per serving.
Rice	2	11	186	Based on 4 ounces per serving.
Elbow Macaroni	1	3½	60	Based on 4 ounces per serving.
Cereal, Fruits and Nuts	2	6	105	Based on 4 ounces per serving.
150 Pounds of Whole Kernel Wheat, or other selection. (see "Notes")		150		Sufficient for 9½ ounces of bread or other items for 365 days.
FATS				
Margarine	3	9		Converts into 10 pounds after adding required water.
Shortening (Vegetable Type)	3	8¼		Converts into 9¼ pounds after adding required water.
SUPPLEMENTS				
Brown Sugar	2	10		Sufficient for 12 months.
White Sugar	2	12		
Salt	1	7½		Sufficient for 12 months.
Yeast, Active, Dry	1	2		Sufficient for 12 months.
Baking Powder	1	5		Sufficient for 12 months.
Baking Soda	1	6		Sufficient for 12 months.

NOTES:
1. All cans are enamelled #10 size (except yeast), each being slightly smaller than a gallon. Six such cans are packed in each case. The normal supply also contains 150 pounds of whole kernel wheat, packed in three bags, but this item can be omitted. If whole wheat flour or white flour are preferred, they must come in sealed cans, as they are otherwise not storable for an extended period.
2. The approximate weight and size of the supply (150 pounds of bagged whole kernel wheat, or 30 cans of flour included) is 400 pounds, and 18 cubic feet (about 2x3x3 feet).
3. Substitutions are often available. For example, if you prefer all brown sugar (or vice-versa), rather than our 50/50 mix with white sugar, we will make the change at no extra charge.
4. The regular non-fat milk listed above is not to be confused with instant milk, as our milk has twice the yield per can of instant milk.
5. Three books are included with the supply: PASSPORT TO SURVIVAL, CULINARY CAPERS, and FAMOUS MORMON RECIPES.
6. Price of the supply is as follows: With 150 pounds of bagged whole kernel wheat, $399.00. Without the wheat $382. With 30 cans of whole wheat or white flour, $449.00. Prices subject to change without notice.

FIVE OPTIONAL CASES:

CASE K – $41.70: 1 Gelatin, Citrus Flavor; 1 Gelatin, Fruit Flavor; 1 Tapioca; 1 Dessert Filling Mix; 1 Milk Shake Mix; 1 Egg Custard.
CASE L – $30.75: 1 Yam flakes; 2 Granulated potatoes; 1 Diced potatoes; 2 Mixed Vegetable Soup.
CASE M – $39.45: 1 Corn; 1 Spinach; 1 Celery; 1 Onions; 1 Carrots; 1 Stew Blend.
CASE N – $47.65: 1 Date Dices; 1 Fruit Cocktail; 1 Peach Slices; 1 Prunes; 1 Raisins; 1 Banana Slices.
CASE O – $54.80: 1 Shortening; 1 Margarine; 1 Butter; 1 Sour Cream; 2 Eggs, whole or scrambling.

foreign correspondent

WINDS OF CHANGE

Pretoria, South Africa. During the past 12 months, the Southern African scene has changed drastically. The winds of change that have been blowing over our immediate neighbors for some time now, have suddenly turned into hurricanes. Angola and Mozambique, two territories bordering on South Africa and formerly under Portuguese rule, are well on their way to independence. This, unfortunately, is coming about with a lot of bloodshed and wholesale destruction of property. In Mozambique, the new transition government, Frelimo, has already indicated its Marxist orientation, and its total commitment to socialism. Most of the economically active people are fleeing the country and the whole economy is grinding to a halt. In Angola, three different "Freedom Movements" are waging a civil war to decide which one shall lead the country to "freedom." Many of the African citizens of these countries think of freedom as the opportunity to nationalize the shops and factories and to harass their former employers. Hundreds of people have been killed and it will be a long time before any kind of economic order is restored. The new governments face the grim prospect that, if no aid in the form of food is forthcoming in the immediate future, at least two million of the mostly black population may starve. As so many times before in the history of Mankind, we have the terrifying spectacle that people do not understand the nature of the tyranny and succeed only in exchanging one tyrant for another. Angola and Mozambique were under the tyranny of Portugal. Now they are under the tyranny of the "Liberation Movements." The motives of the latter may be noble, but their course will only lead to a different type of slavery.

In the Republic of South Africa, these sudden changes in neighboring territories had an immediate effect—both directly and indirectly. Investors' confidence was badly shaken, causing South African gold shares to drop sharply. They feared that the labor supply to the gold mines, approximately 20 percent of which comes from Angola and Mozambique, would be cut off. This fear proved to be unfounded. The "Liberation" governments in Angola and Mozambique may well be very anti-South Africa, but they realize fully that without the earnings of the mine workers, their economic plight will be worse. South Africa is also the main user of Mozambique harbor facilities as well as the main prospective user of electricity from their almost completed Cabora Bassa hydroelectric scheme. A more direct result of the Angola/Mozambique revolution, was an immediate reaction by militant blacks in South Africa who tried their best to stage pro-Frelimo rallies. As could be expected, the rallies were banned and the organizers arrested by the government.

INVESTMENT IN SOUTH AFRICA

The major consideration for any investor when looking at foreign investments, is safety. It does not help him one iota if he gets a fantastic return on his money, only to find that the investment itself is confiscated, nationalized or destroyed. The questions to be asked when looking at South Africa, are the following: Will South Africa follow the road of Angola

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and Mozambique during the next few years? Will there be a revolution in South Africa? Will an investment in South Africa be safe, and if so, for how long? To answer these questions, one will have to consider the present racial and economic position of this country, and speculate as to the probable developments over the next ten years.

THE RACIAL POSITION

South Africa's racial policies have a long history. For most people it is usually easier to criticize these policies than to give a solution. It is also instructive to learn that new residents to this country, arriving here with grandoise schemes to advocate change, become as "racist" as the native white South Africans after a while, and are at a loss as how to bring about peaceful and lasting changes. (For a fairly objective view of the development of South Africa's policies, see *A Very Strange Society* by Allen Drury.) The present events in Angola and Mozambique, will expedite any attempted solutions. The recent and unprecedented attempt to expel South Africa from the United Nations, is a clear indication of the attitude of other countries. The message is simple–change or else . . . .

Will such change be good for South Africa? In order to put this question in perspective, one has to understand how the present situation came about. There are 24 million blacks in the country as compared to 4 million whites. Both groups had arrived in this southern tip of Africa approximately 300 years ago, the blacks as nomadic tribes from Central Africa, and the whites as new settlers from Europe. With their knowledge of Western civilization and of agriculture, the whites started settlements and formed their own local government as an extension of the parent government in Europe, while the blacks retained their nomadic character and developed scattered communal farming operations. After the discovery of gold, the whites started industrializing the country, and more and more of the blacks left their tribes and started working in the mines and other industries. This led to the situation that a substantial proportion of them are completely absorbed in these fields today. The State apparatus, however, remained in the hands of the whites, the reason being that the whole concept of government, as then practiced through most of the civilized world, was a concept unknown to the black tribes. During the past 20 years, the whites started realizing that this situation could not be perpetuated forever–but they faced a dilemma. The type of government at the time (and in the present) was an unlimited democracy, with no constitution or Bill of Rights limiting its power. The whites were outnumbered by about five to one by the comparatively uncivilized blacks and any "sharing" of the power would have resulted in majority rule by the blacks and, as the whites feared, a complete collapse of law, order and the economy. Subsequent independence of several other African states with the resulting chaos in some of them, substantiated their fears, and "separate development" was born. This separate development or "apartheid," as it is more notoriously known, was simply the attempt by the white South Africans to create separate little "states" for the nine different black ethnic groups in South Africa. Unfortunately the leaders of these ethnic groups, with the exception of one, are now rejecting eventual independence, firstly because the process is too slow and secondly because they fear that their "states" would never be economically viable. In other words–they insist on "sharing the power." How does this affect an investor? The answer is simple. Any "sharing of the power," given the present system of government, will result in more welfarism and socialism–conditions avoided by investors. Although I foresee that this "power sharing" will increase, I do not foresee major changes in the next 10 years. It will be gradual but certain. Will there be revolutionary outbreaks of violence? I doubt it. Contrary to overseas press reports, South Africa has had very little labour unrest, and its black labour force is probably the best paid, fed and clothed on the whole continent of Africa. This is confirmed by the fact that in spite of South Africa's so-called "oppression" of blacks, it has a big problem keeping blacks from neighbouring states out. These people flock to S.A. because of much better working opportunities. There is virtually no unemployment in S.A. and we are the sixth biggest food exporter in the world. The riots at the gold mines that one may read about now and again are simply faction fights between members of different tribes. Normal strike action (which occurs very seldom) is usually blown up out of all proportion by the press.

THE ECONOMIC POSITION

The second major consideration for any investor is the fact that S.A. will probably be the least affected by the threatening world wide recession and/or depression. The reason for this is that it produces 70 percent of the total world production of the one commodity demanded most at this stage–gold. Although S.A. also suffers from monetary mismanagement (our 13 percent rate of inflation confirms this) we are in the fortunate position that the malinvestments created may be absorbed by the extremely high profits of the gold mines. American Investors will be well advised to buy S.A. gold shares. (There is in New York a "specialist" on S.A. gold shares–James Dines. He sends out a weekly newsletter, the *Dines Letter* and I find him an avid advocate of free market principles). South African one oz. solid gold Krugerrands are also a very sound investment. As of January 1975, 30 percent of South Africa's total gold production (i.e. more than 20 percent of total world production) will go into Krugerrands. Mr. Dines reckons that the Krugerrand may still become the new international currency.

CONCLUSION:

Gold and gold shares are probably the soundest investments one can make in the present shaky world economic climate. For the foreseeable future (5-10 years) S.A. offers a very safe risk for this type of investment. Like most countries we are becoming more and more collective. Whether investments will be safe after this 10 year period, only time and experience will tell.

(For advice on individual gold shares readers can write to me c/o REASON magazine. Alternatively, they can subscribe to the *Dines Letter*.)

MARC SWANEPOEL

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book review

WITHOUT GUILT AND JUSTICE: FROM DECIDOPHOBIA TO AUTONOMY. By Walter Kaufmann. New York: Peter H. Wyden, Inc. 1973. 274 pp. $7.95.

Reviewed by RICHARD WARSHAK

Human existence requires autonomy. Those who don't have it, crave it. And they fear it. This fear of "making with open eyes the decisions that give shape to one's life"—termed "decidophobia"—is the starting point of this innovative work in moral philosophy. The book ends with a prescription for creative autonomy and, along the way, challenges some of our most commonly accepted notions of justice, guilt, equality, alienation, honesty, and integrity.

Decidophobia can drive an individual into adopting a variety of strategies which allow him to avoid accepting responsibility for his own life. Professor Kaufmann discusses 10 such strategies. One popular ploy used to avoid making decisions is "drifting," which comes in two varieties. A "Model A" drifter swims with the current, never questioning prevailing traditions and moral codes. The "Model B" drifter, wanting no part of the status quo, opts out of the establishment and wanders aimlessly without long-range goals or plans, his life guided only by the whim of the moment. Both live the illusion that their lives are outside of their own control.

The sense of despair which is a consequence of drifting can lead one to adopt another strategy: allegiance to a movement. A movement can supply a purpose in life and a ready-made solution to all dilemmas. Eric Hoffer has detailed how this strategy works for the decidophobe in his study of *The True Believer.* While joining a movement is not necessarily a cop-out from an autonomous life, it serves this purpose for many people.

Even if he does not avoid major decisions, a person can default on the responsibility of carefully scrutinizing alternatives by endowing a chosen alternative with the blessings of reason or justice. It is easier to say "Justice (or reason) demands that I do this" than to admit that there may be more than one reasonable solution to a dilemma.

Kaufmann then goes on to critically analyze the concepts of justice and guilt and recommends a complete rejection of these for any person aspiring to autonomy. Both justice and guilt rest on the concept of desert—and it is this concept which Kaufmann attacks as "confused and untenable." A concern with desert is a concern with the past. But, what good can be accomplished by focusing on a past which can, in fact, never be undone? A utilitarian position is argued in which punishment is justified not by an appeal to justice but an appeal to future consequences—specifically, deterrence. It is far more honest, Kaufmann feels, to tell a convicted criminal that he is being punished in order to reduce the temptation for others to ignore legal prohibitions, than to piously pronounce that "justice has been served."

While Kaufmann's thoughts on retributive justice do not depart significantly from the academic mainstream, the position he takes on distributive justice is rare in contemporary intellectual circles and will be extremely welcome by libertarians. For a sample, view this excerpt on equality of opportunity: "At what stage in their lives are people supposed to have it? If they are to have it always, we must rigidly control their lives from birth to death, in order to make sure that they do not make choices that will deprive them of various opportunities. . . . Equality of opportunity is a slogan, and those who employ it are not really in favor of the means required to bring it about. Men are not equal. Men should not be made equal. And equality of opportunity is either a hollow cliche or a pernicious goal."

Despite my enthusiasm for many of Kaufmann's observations on justice, his discussion remained unconvincing for two reasons. The first lies not in the text, but within myself. Having grown up with heroes who were distinguished by a passionate concern with justice, I am reluctant to accept the notion that there is no such thing as justice, that my heroes were merely chasing a myth. My second objection has more substance to it. While the book presents the numerous problems with which defenders of retributive justice must grapple, it unfortunately fails to do battle with the most common objections to the deterrence theory of punishment. Most notably absent in this context is any mention of individual rights; yet for most libertarians, justice, in a political sense, is inextricably tied to individual rights. As Hospers has written: "A theory of conduct that includes no explicit doctrine of human rights is a theory without a vital center, and no theory that assesses the rightness of acts in terms of consequences alone can ever provide it." [1]

While a utilitarian guide to conduct seems unpalatable in the political-legal realm, it begins to make more sense when the focus turns to guilt. Approaching the subject from a philosopher's framework, Kaufmann joins the many contemporary psychologists who feel that a preoccupation with the past retards growth and development. Kaufmann obliterates the guilt-mongerers by showing that guilt feelings: (1) establish no high probability that one will try to rise to a higher level of existence; (2) have no tendency to be proportionate to the wrongs they feed on; and (3) do not protect society by serving as a check on behavior, since those who nurture self-hatred usually have hatred to spare for others.

The remainder of the book is positive in emphasis; it examines the values associated with autonomy: honesty, integrity, and creativity. In "The Need for Alienation"—my choice for best chapter—Kaufmann demonstrates that alienation is *not* endemic to capitalism, but *is* a necessary concommittant of autonomy!

The language of this book is clear and, at times, passionate; its approach is firmly rooted in a belief in a person's ability to shape his own character and future. As a work in moral philosophy, it is liable to be dismissed by those who would question the efficacy of all philosophical enquiry. Discussing the utility of philosophy William James once wrote: "It 'bakes no bread,' as has been said, but it can inspire our souls with courage; and repugnant as its manners, its doubting and challenging, its quibbling and dialectics, often are to common people, no one of us can get along without the far-flashing beams of light it sends over the world's perspectives." [2]

If it seems as though philosophy has been suffering from an energy crisis, and the available beams of light appear not too strong, pick up *Without Guilt and Justice;* it's an important source of fuel.

NOTES AND REFERENCES

[1] John Hospers, *An Introduction to Philosophical Analysis* (Prentice-Hall, Inc. 1967), p. 616.
[2] William James, *Pragmatism* quoted in Mortimer J. Adler *The Conditions of Philosophy* (Dell Publishing Co. 1965), pp. 8-9.

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CAPACITY RESTRAINTS VETOED

When last year's "fuel crisis" arose, a number of America's CAB-protected airlines obtained the agency's permission to collude to cut back service in certain competitive markets, allegedly to conserve fuel. What they then proceeded to do, predictably, was to use the planes thus freed to compete with other airlines—not parties to the collusion—and especially against charter airlines. (TWA doubled its charter fleet from 6 to 12 planes, United increased its from 11 to 18, and Pan Am from 8 to 14 charter planes.) In addition, the level of service on routes subject to the agreements declined; stops were inserted in previously nonstop flights, off-hour operations (rather than peak period flights) were reduced, and large numbers of passengers had to be placed on waiting lists for flights.

All of these points were cited recently by administrative law judge Robert Seaver in declaring these government-enforced capacity restraint agreements illegal. In his decision, Seaver pointed out that *capacity,* including better schedules, is one of the few areas in which competition between airlines exists. "If capacity agreements become a [regular] part of the regulatory system [as hinted recently by several CAB members], the only real competition will be eliminated, leaving only that competition based on in-flight amenities and services such as movies, meals, the attire of cabin attendants, and other frills that do not compare in value to the public with convenient and efficient scheduling."

Whether Seaver's landmark ruling will stand, however, is open to question, given the strength of the scheduled airline lobby and its symbiotic relationship with the CAB. The decision is certain to be appealed—but the CAB itself is the reviewing agency! (Seaver is a *CAB* "administrative law judge," formerly known as a CAB "examiner.") Perhaps enlightened consumer groups will take the issue out of the cozy administrative arena and into the Federal judicial system.

SOURCE:
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THE NEW GOLD RUSH

As 1974 drew to a close, individuals, companies, and governments scurried into position for a totally new gold market environment—one that would have seem inconceivable only a few years ago. The moves underlined a growing distrust of government paper money systems, especially of inflation-prone governments like those of the U.S. and the U.K.

Even some governments expressed this distrust, more by actions than by words. The Swiss and Saudi Arabian Governments transferred large amounts of their gold reserves from vaults at the Federal Reserve Bank of New York to vaults on their own soil—just in case. The Swiss transferred some two million ounces, while the Saudis moved over half a million. French President Valery Giscard d'Estaing pressured President Ford into agreeing that governments could revalue their gold reserves at the market price rather than the "official" price of $42.22, whereupon France did just that. But the U.S. Government still maintained that governments were forbidden to *buy* gold in the free market.

Meanwhile, several Federal agencies initiated an action program to discourage Americans from exercising their new freedom to own gold. The SEC ended the year with a flurry of investigations and indictments of coin dealers and exchanges, accompanied by strongly-worded press releases implying that those who buy gold are likely to get fleeced. The Treasury momentarily forced down the gold price by announcing its January 6 auction of two million ounces (out of a 276 million ounce supply), but the price rebounded sharply on news of the Ford/Giscard revaluation agreement, and the news that foreign governments would not be allowed (officially, at least) to bid. (The U.S. revaluation will be made official later this year when the Treasury asks Congress to abolish the $42.22 price.) And to further discourage gold use, the Federal Reserve took the following actions:

- Banned savings and loan associations from dealing in gold
- Required banks to notify the Fed and the FDIC before engaging in gold dealing
- Forbade the use of gold to satisfy bank reserve requirements
- Announced that it (the Fed) will not assay or store gold for banks, nor accept gold as collateral for loans to member banks.

Banks *will* be allowed to accept gold as collateral for customer loans. But the Fed, the FDIC, and the Comptroller of Currency all sought to discourage banks from making loans to enable customers to buy gold, calling these "nonproductive" loans.

None of this discouraged many companies, however. Many large banks have entered the gold business, as have brokerage firms (led by industry giant Merrill Lynch, Pierce, Fenner & Smith). Mutual funds have shifted sharply into South African golds; 7 of the top 10 overseas stocks held by mutual funds are South African golds, and some 26 funds held positions in Vaal Reefs as of December. A gold bullion investment fund, Bars of Gold, Inc., had to increase its initial offering from $30 million to $105 million.

Finally, the National Committee to Legalize Gold, having accomplished its original objective, announced a change of name and program. Henceforth known as the National Committee for Monetary Reform, it will work toward:

- A law to prohibit sale of U.S. gold reserves
- An audit of the entire Federal Reserve System
- Repeal of any laws limiting the use of gold clause contracts
- Education in support of a gold standard.

The battle for sound money made impressive progress in 1974, but is far from over.

SOURCES:
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- "Treasury Plans to Auction 2 Million Ounces of Gold to Citizens," *Washington Post,* Dec. 4, 1974.
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- "U.S.-French Agreement Pushes Up Gold Prices," *Los Angeles Times,* Dec. 18, 1974.
- "Foreign Nations Face U.S. Gold Ban," AP (Washington), Dec. 20, 1974.
- "Investment in Gold," *Business Week,* Dec. 7, 1974, p. 38.
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- Press release, National Committee to Legalize Gold, Dec. 1974.

FREE MARKET MILK

The trend of consumer groups recognizing the merits of the free market as an alternative to government/industry price support programs continues to grow. Thanks in part to pressure from consumer groups, California's 37-year old program to enforce minimum wholesale milk prices ended in December, with the controls at retail and farm levels likely to be abolished early this year.

The controversy pitted the state's Milk Advisory Board (a classic state-industry partnership) against such organizations as the California Citizen Action Group (CAG) and Flight Inflation Together (FIT). Roy Alper of CAG testified that California milk consumers were being overcharged some $150 million per year due to the milk pricing laws. He pointed out that in states without controls, milk sells for as low as

47¢ per half-gallon, compared with 71¢ in California. (Pro-control spokesmen replied weakly that prices are even higher than California's in some other states *with* controls.) Decontrol was also supported by such people as Linda Akulian of the Consumer Co-op of Berkeley and Robert Laverty, president of Thriftimart Stores, Inc., a large supermarket chain. Akulian stated that the best way to reduce prices is for "the state to get out of the milk business." Despite full-page pro-controls ads by the Milk Advisory Board, the state appears to be doing just that.

Fresh from an apparent victory on the milk issue, consumerists are now tackling California's "temporary" price support program for eggs. The program, which orders cuts in production and keeps "surplus" eggs off the market, caused a five-cent per dozen increase during November. (The surplus eggs are sold in Japan at between 25¢ and 42¢ per dozen, vs. California prices of 69-72¢—a practice which would be called "dumping" and prosecuted if done by Japanese with chemicals, steel, or TV sets in the U.S. market!) Consumer groups have so far succeeded in getting FIT member Ruth Yannatta onto the Egg Advisory Board, and in airing their case against price-fixing in the media. "Some farmers may be hurting, but why the state should be protecting those guys and not me as a consumer, I don't understand," Ms. Yannatta has stated. She has also pointed out that many medium-size producers who can produce eggs efficiently don't want the program—a point which has been confirmed by one Egg Board member, Earl Brown, whose own farm is making money. "I don't know how far you can go in protecting the inefficient producer," he admits. Since the temporary program must be approved every four weeks to stay in effect, there is hope that sufficient public exposure may bring about its much-needed demise.

SOURCES:

- "Views Vary on Lifting Milk Price Controls," *Los Angeles Times,* Dec. 15, 1974.
- "Wholesale Milk Control Ending," UPI (Sacramento), Dec. 18, 1974.
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- "State Program Increases Egg Prices 5 cents," AP (Sacramento), Dec. 4, 1974.

MILESTONES

- *Antitrust.* By a 7-2 majority, the U.S. Supreme Court has ruled that "interstate commerce" means just that, when it, comes to application of the Clayton Act and the Robinson-Patman Act, two of the three principal antitrust statutes. In *Gulf Oil v. Copp Paving Co.,* the majority of the Justices refused to extend to these two statutes the extremely broad interpretation of "interstate commerce" used in cases brought under the Sherman Act. Under the latter interpretation, virtually any business can be construed to have some impact, no matter how indirect, on interstate commerce. The Court's ruling will thereby shield a large number of local businesses from the depredations of two of the three principal antitrust laws. (Source: "High Court Limits Scope of Two U.S. Antitrust Statutes," *Los Angeles Times,* Dec. 18, 1974.)
- *Constitutional Rights.* A Houston psychiatrist has chosen to be jailed for contempt of court, rather than be coerced to give courtroom testimony as an expert witness, without compensation. Dr. Gary J. Byrd rested his case on the 13th and 14th Amendments, arguing that providing such testimony would be involuntary servitude, and that the court would be depriving him of property (his report) without due process of law. Byrd pointed out that the Family Code provides for payment of up to $500 for expert testimony in cases like the one in which his testimony was sought. His stand, he told the press, was one of principle. "My constitutional rights are more important to me at this point than the contempt citation," he added. (Source: "Psychiatrist Sent to Jail," *Houston Chronicle,* Aug. 26, 1974.)
- *Deregulation.* Yet another voice has been added to the chorus calling for a National Commission on Regulatory Reform. Z. David Bonner, president of Gulf Oil-U.S., has urged the business community to support creation of such a commission, which would investigate the ICC, FTC, FPC, FCC, CAB, Federal Maritime Commission, and Consumer Product Safety Commission. In a speech to Town Hall in Los Angeles, Bonner enumerated many of the harms caused by the regulatory agencies, including the natural gas shortage, waste of fuel in inefficient shipping, added costs of recent-model cars, and the decline of the coal industry. (Source: "Gulf Official Calls for End to U.S. Interference in Business," *Los Angeles Times,* Nov. 20, 1974.)

This column reports trends in the advancement of individual liberty and the rediscovery of economic freedom. Readers are invited to submit material of potential interest.

LAW AND ORDER

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Staying alive is a chain in the neck.

Dennis J. Chase

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movies

• **THE GODFATHER PART II** is a considerable departure from its predecessor, but unfortunately not any better. It is a ponderous epic, taking 3 hours and 20 minutes (with no intermission) to chronicle the disintegration of the Corleone family. Emotionally the film is a downer from start to finish. The audience is trapped in an all-pervading aura of gloom, accented by the repetitive use of dark rooms and backlighting. The gratuitous violence that was the hallmark and chief attraction of *The Godfather* is considerably toned down in the sequel, but it is not replaced by any events meaningful enough to justify the film's excessive length. Many members of the original cast are back, and there is little fault in the acting or the production values. Al Pacino is an arresting presence as Michael Corleone, who takes over the family after the death of his father. He gives an effective performance as a former idealist, in the process of losing the last remnants of human feeling and conscience in a compulsive drive for power. In the film's frequent flashbacks, Robert De Niro is energetic and daring as the young Vito Corleone, founder of the dynasty. Perhaps the best performance of all is Diane Keaton as Pacino's long-suffering wife, who sees the truth but is helpless to do anything about it. The script, co-authored by Mario Puzo and producer-director Francis Ford Coppola, is serviceable in the areas of dialogue and continuity, but weak in establishing motivation, especially in regard to Pacino's character. He comes across as virtually a man without emotions, incapable of any enjoyment. And this is perhaps the key to the movie's ultimate failure: it tells us how he came to be that way, but it fails to tell us why. Rated "R." — **Charles F. Barr**

• **THE TOWERING INFERNO** is a formula thriller on an epic scale. Producer Irwin Allen has given us the best actors, dialogue, thrills and special effects that $14 million can buy. But for all that, the movie is curiously uninvolving. The audience is invited to sit back and witness the spectacle without emotionally participating in it. But what a spectacle it is! On the night of its formal dedication, the tallest building in the world (at 138 stories) is threatened by a fire that starts on the 81st floor, trapping 300 dignitaries and other guests near the top of the building. Fire Chief Steve McQueen, with the aid of architect Paul Newman, risk their lives in repeated rescue efforts as the flames slowly eat their way upward. The all-star cast includes William Holden as the builder, Richard Chamberlain as a cowardly subcontractor using inferior materials in exchange for kickbacks, Faye Dunaway as a career girl and Newman's romantic interest, Fred Astaire as a con man with a heart of gold, Jennifer Jones as his intended victim, and Robert Vaughn as a politician with ambitious urban renewal plans. Robert Wagner and Susan Flannery have short but affecting roles as the early casualties. The special effects are awesome; in addition to the fire, they include several gas explosions and a helicopter crash. Dazzling stunt work includes flaming leaps from the building, dramatic helicopter rescues and a harrowing elevator ride. The events take on a life of their own, even when the characters don't. Rated "PG." — **C.F.B.**

• **ALICE DOESN'T LIVE HERE ANYMORE** is a semi-romantic movie that is virtually destroyed by a relentlessly naturalistic, slice-of-life style. The acting, many of the scenes, and the plot (when it is allowed to intrude) are worthwhile out of the film's larger context. But for the most part, the movie is alternately dull and distasteful. Ellen Burstyn gives a sympathetic performance as a housewife who is cast adrift in search of a meaningful identity after her sadistic husband is killed in a traffic accident. She is left to cope with a precocious but spoiled 10-year-old son, a hastily resurrected singing career that is going nowhere, and a brief but violent affair with a married man. The reasonably happy ending looks almost artificial by comparison. Rated "PG." — **C.F.B.**

• There are three points worth making about Mel Brooks' new comedy, **YOUNG FRANKENSTEIN.** First, it is not very funny. Second, Gene Wilder is a remarkably versatile and talented actor who seems to have landed in the wrong film. He deserves better material. And last, without Madeline Kahn, there would be little cause for any laughter. She alone triumphs over the script and manages to deliver a genuinely funny performance as young Frankenstein's virginal fiancee. Unfortunately, her best moments come in two brief scenes at the end of the film, but once you find yourself in the theater, they are definitely worth waiting for and almost make the film worth seeing. The story of the original Baron von Frankenstein's grandson, a professor of medicine, who succumbs to his grandfather's ambition to reanimate dead flesh, *Young Frankenstein* is a far more disciplined film than Brooks' earlier *Blazing Saddles,* but hardly more successful. Part of the problem is that the comedy simply does not play very well. One can imagine Brooks laughing uproariously as he conceived the "Chattanooga Shoeshine Boy" spoof: young Frankenstein, arriving by train at his ancestral village, asks from the coach window, "Pardon me, boy, is this the

(continued on page 31).

Paul Newman and Steve McQueen discuss a desperate plan to control a skyscraper fire in THE TOWERING INFERNO.

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APRIL 12,1975

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Send to: NATIONAL TAX PROTEST DAY COMMITTEE, P.O. Box 1147, Warminster, Pa. 18974 (215)672-4133

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[ ] Enclosed is my contribution of $_____ for the anti-tax literature fund.
[ ] Please send me ____ "Taxation is Theft" bumperstrips at 25¢ @.
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[ ] Send me details on S.I.L. aid for groups organizing protests. Name of my group is:_____.

rm3-75

THIS YEAR, LET'S TURN THE TAX SYSTEM UPSIDE DOWN!

MOVIES *(continued from page 29)*

Transylvania station?" As delivered, it falls so flat that the parody is almost unrecognizable. Similarly, the Transylvanian police chief, whose uncontrollable mechanical arm recalls Dr. Strangelove, never comes close to being as funny as the original. Other humor is simply too sophomoric to be entertaining, as when young Frankenstein responds to a student baiting him about his ancestry by declaring to the class in a scholarly demeanor that his grandfather's work was "doo doo." Hardly rollicking stuff, even for Brooks. Rated "PG." – **James F. Carey**

viewpoint

Tibor R. Machan

COMPETITION

One of the most upsetting elements of the free market is competition. *Defenders* of capitalism emphasize the fact that competition results in better production, finer products, lower prices, diversity, and a good deal more that is judged by them to be of benefit. *Critics* of the free market talk a great deal about the personal agonies of competition: the element of defeat that goes with it, the emotional concomitants of fear, anxiety, exploitation, estrangement, hostility, etc. which go hand in hand with this ingredient of the free society and market.

Now competition is surely instrumental in bringing about some of what *both* of these factions talk about. However, note that underlying the manner in which competition is viewed by supporters and critics of capitalism alike is a view of social life that is worth focusing on. In both cases the emphasis is on the social consequences of competition; i.e., those results that accrue to society in general, to the group! If one is concerned with the welfare of the community at large—general welfare, overall wealth, productivity in general—then, indeed, competition can be identified as giving rise to such benefits. If, however, one concentrates on the presence of hardship, agony, defeat, failure, and the accompanying psychological and spiritual experiences, then it is equally correct to point out that a competitive society will experience enough of these factors to command attention.

Both approaches to the situation fail in an important respect. Their focus of attention is *society*. In judging a society without any consideration of how human conduct ought to ensue, one is easily misled about the significance of competition. Those who are interested only in the successes of *society* will easily construe competition to be of enormous benefit to the social group. The economic results of competition will be of great importance to them, if for no other reason than because such benefits are measurable. GNP and similar concepts seem to fit into the model of what can be quantified, whereas personal agonies or victories are difficult to count up.

Those, on the other hand, who do not give a hoot about quantification but have their pulse on the private outcries of people in a society, who find the presence of personal struggle, agony, defeat, or fear in and of itself a sign of very bad times will consider competition an enemy of a culture. Aside from the poverty that inevitably falls upon some people in any culture—for it is a myth to believe that total equalization of wealth is a real possibility in any human community—these people will point to the psychological pain that is found not just in ghettos but in some of the more prosperous (but often desperate) elements of the community.

The consequences of this sort of thinking are interesting—but lamentable—to observe. Focusing on measurable social indicators can lead to schemes such as those of the Keynesians: at whatever cost necessary, simply increase the overall wealth of a nation—never mind the long range consequences to either persons or human communities. This haste to increase overall social wealth produces deficit spending and a good deal of economic intervention aimed at spurring the economy into action, on the model of taking stimulants. Of course everyone must pay, eventually—except it is usually those who had no say about the matter who will do the paying!

Focusing on the hardships that result for many from fierce competition (never mind why they suffer, whose fault it is or any such individualistic issues) is equally misleading. Those concerned with these consequences will urge that measures be taken to relieve the troubles of those who have fallen victim to competition. Anti-trust laws, welfare programs, social security measures, forced insurance against medical disasters, unemployment compensation, and similar measures aimed at helping the unfortunate become the objects of crusades. While some strive for greater social wealth, others strive for greater social welfare, i.e., security.

A SIDE SHOW

Now what is wrong with all this? Well, for a start, competition is actually only a side show in a free market. True enough, as with the various events at the Olympics, it appears that people are in it for the contest. Yet what the market makes possible is only *incidentally* a matter of contest. More accurately it is a matter of *excellence*. In a free market people can excel at what they do—even if there is no one challenging them. If there are many who want to excel at some craft, profession or art, then we find competition. It is true that for some people only a contest will suffice to bring them into the field. But that is not crucial. Freedom allows those who want to work at some task to do their best without punishment; since there are many people around wanting to do similar things, competition results. But without first wanting to be in the field the competition would not ensue. Nor would the failures.

The important thing is that the failures result only because those who might not really like to engage in the productive activity get into it anyway. People do not really *have* to be economic successes in a capitalist world. There is no reason for someone to get involved in the hustle—he or she could stay outside, live for small pleasures, travel little or none at all. The phenomenon of "rising expectations" could be resisted, and thus failure avoided.

Tibor Machan teaches philosophy at SUNY-Fredonia. Dr. Machan's viewpoint appears in this column every third month, alternating with the viewpoints of Murray N. Rothbard and David Brudnoy.

Money Market (gold bullion), Bill Brau- its good humour despite the intensive Economics to be held Friday evenings

For failure is not in taking 2d or even 300th place in the contest—it is not liking the battle in the first place. And when I say battle, I am speaking somewhat care-

individuals, neither losing nor winning would have national significance. What should, in fact, be of national significance is that competition is possible, not that it

But then how many careful observers are left? How much easier it is to play with statistics of growth or misery, and cry for coercion when dissatisfaction with

from 7-9:30 pm, starting February 7 at 1615 Hotel Circle South, Apt. D-100, San Diego. For further information on this and other events of interest to libertarians in the San Diego area call the **Libertarian Alternative Hotline** at (714) 447-9747 . . . ◻

Please send material for inclusion in FRONTLINES *to Lynn Kinsky at* REASON, *P.O. Box 6151, Santa Barbara, CA 93111. Meeting and activity announcements will be carried as space permits; however we must receive announcements two months before the actual event if we are to publish it as a "coming attraction" rather than as history. Tell us about your group, your activities, your strategies for social change in as much detail as possible. Items accompanied by photos are especially welcome.*

publisher's notes

• **TAXPAYER POWER:** A Connecticut city recently came close to bankruptcy after a magnificent display of "taxpayer power." Residents of Willimantic, CT twice voted down the city's proposed budget in December, in a protest against tax increases, and refused to authorize the city to borrow money for operating expenses—causing the city to completely run out of cash. The city's mayor said the budget rejections were the work of a minority led by a taxpayers group, and asked the city's 160 employees to continue working without pay until an emergency loan could be approved to keep the municipality from shutting down. On January 15, Willimantic residents approved a significantly reduced budget, thus saving the city from bankruptcy.

In view of the difficult situation presently confronting the financially-troubled countries of Italy and England, as well as various governmental units in the United States, it is interesting to consider what might happen if any unit of government became unable to meet its payroll and pay other expenses as they became due. REASON has published, and will continue to publish, articles concerning voluntary financing of essential services, without the use of taxation. If taxpayers increasingly join together in opposition to the imposition of taxes for inefficient or unnecessary governmental services (how many can you think of in one minute?), perhaps we can begin to look forward to the day when being identified as a *taxpayer* will become as repugnant as being called a *slave.*

• **NEW CENTER PROSPERS:** Among several recent grants to the University of Miami's Center for Studies in Law and Economics (directed by Henry G. Manne, author of this issue's lead article) is a $100,000 grant from the Olin Foundation. The grant will support a new kind of fellowship program, in which trained economists will earn law degrees. Their first year of study will be similar to conventional law school curricula, but the second and third years will be geared to making use of the students' economic skills, working with the Law and Economics staff members. The initial grant covers the first year of what will be, at a minimum, a five-year program.

• **NEW PUBLICATION:** The first issue of *The Libertarian Scholar* has recently appeared. A bibliographical quarterly, the *Scholar's* express purpose is "to provice information about the scholarship produced both by libertarians and by others whose work is, or should be, of interest and value to libertarians." Edited by Paul Varnell and Robert H. Meier, the *Scholar* holds promise to become a valuable research tool for students and to be an excellent means for the general reader to keep abreast of current published material. Copies of the inaugural issue are available at $1.00 each from P.O. Box 394, DeKalb, IL 60015.

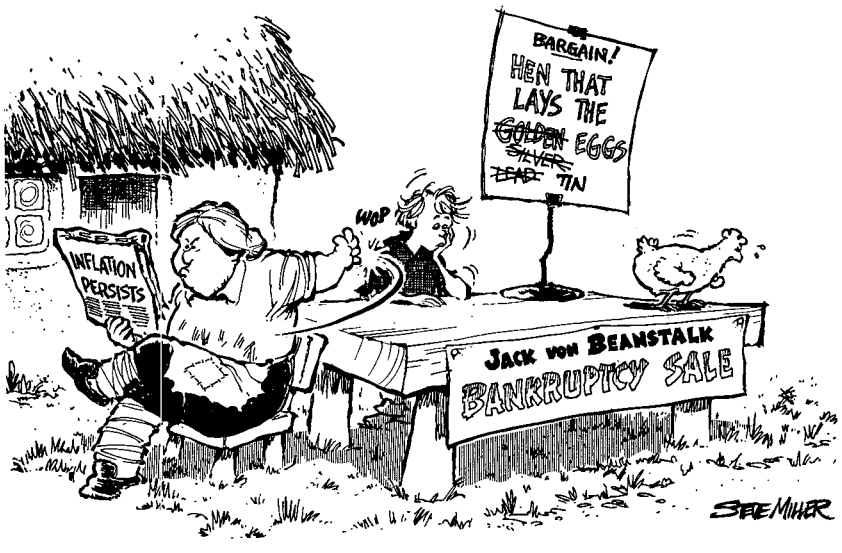
• **NATIONAL TAXPAYERS UNION:** In an attempt to spread the libertarian critique of governmental problems, the Washington-based National Taxpayers Union (NTU) wants to contact scholars whose forthcoming or recently completed research examines areas damaged by state intervention.

The NTU, headed by libertarian Jim Davidson and A. Ernest Fitzgerald, the Pentagon cost analyst who blew the whistle on the $2 billion C-5a cost overrun, will pay $25 to the author of each study selected. The reports can deal with subjects as varied as regulatory agencies, macro-economic distortions of the economy, or infringement of privacy.

"Ralph Nader has been using the research of young graduate students for years to pressure for different governmental policies," says Davidson. "There's no reason why the research of young libertarians can't be put to use opposing the growth of government." The studies will be released to the press and the public as they come in.

The NTU has recently published a rating of Senators and Congressmen, which scored members of the Second Session of the 93rd Congress on 20 key votes involving fiscal restraint. Five points were awarded by NTU for each vote that would have reduced federal spending. The only perfect rating was achieved by Congressman H. R. Gross (R—Iowa), who has now retired after a long and valiant career. Only five other members of Congress scored over 75 percent, and more than 180 members finished with a rating of 25 percent or less, thus earning the title of "Big Spenders."

For further information on obtaining a copy of NTU's Congressional rating or submitting research reports, write the National Taxpayers Union, 325 Pennsylvania Ave. SE, Washington, D.C. 20003, or call Jim Davidson at 202/546-2040. ◻



reason profile

Despite the Libertarian Party and other libertarian organizations' being devoted to political activism and social change, it is fairly hard to find a libertarian who really *enjoys* being involved in the political process at any level and who has more than rudimentary organizational skills. An exception to this generalization is the Libertarian Party's newly appointed National Organizing Coordinator, 21-year old Eric Garris, who is a veteran of seven years as a political organizer, mainly for left-wing organizations. "When I was a liberal and leftist organizer I had no real ideology: I was basically just anti-establishment, anti-war and pro-civil liberties. During 1972 I began to change my political positions toward libertarianism until I became a full-fledged anarchocapitalist in early 1973. I recognized that there were others in the left that could be converted as I was, and I set about to do that. Most leftists are not hard-core collectivists and have no real ideology; they can learn, as I did, that socialism is the antithesis of freedom."

Born in France, but raised in Los Angeles, Garris began his political career in 1968 as a McCarthy for President volunteer, then worked for various other Democrats, the United Farm Workers, Students for a Democratic Society (SDS), and various peace groups. His work as a student-rights organizer got him expelled from the Los Angeles City School System in 1970. In 1971-72 Garris was a national organizer for the Peace and Freedom Party and he was one of the founders of the People's Party. He was also an organizer for the California Marijuana Initiative and was a candidate for the California State Assembly.

In 1974 Garris began to get actively involved in the libertarian movement and was a delegate to both the California and the National Libertarian Party conventions. During the past election campaign he worked for the California LP write-in candidates, ran for the California State Senate, and was campaign manager for libertarian Peace and Freedom candidates Elizabeth Keathley (Governor) and Corey Cassanova (Controller). His organizational memberships include Young Americans for Freedom and Libertarian Alternative.

Garris is presently living in Santa Barbara, California where he is a student at Santa Barbara City College while working part-time for a market research firm and as a

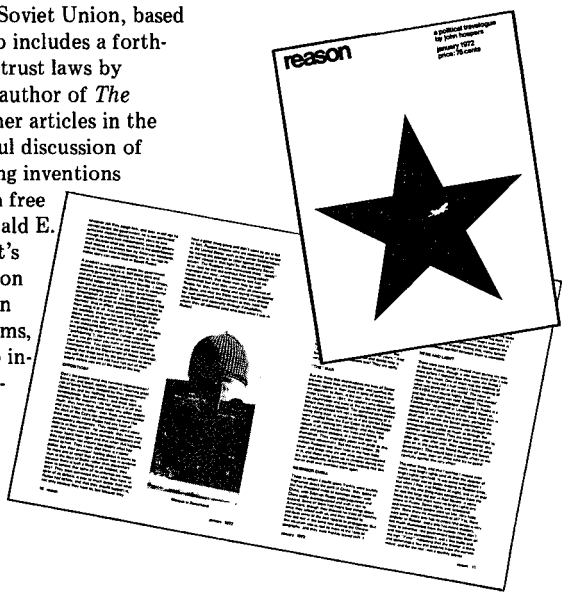
ERIC A. GARRIS

REASON editorial assistant. As usual he is politically active: he is campaign manager for the libertarian Santa Barbara School Board slate (see "Frontlines," this issue). "My goal in electoral politics is not to elect libertarians to public offices per se. It is to introduce libertarianism to the masses through the media, and running candidates is one of the best ways to get media coverage. However, I think it is necessary to promote many different tactics—including electoral politics, one-to-one proselytizing, urging nonvoting, promoting tax resistance, developing alterna-

Have You Seen...

JANUARY 1972 $1.50

This issue features Prof. John Hospers' on-the-scene report on economic and political conditions in the Soviet Union, based on his 1971 tour. It also includes a forthright critique of the antitrust laws by Prof. D. T. Armentano, author of *The Myths of Antitrust.* Other articles in the issue include a thoughtful discussion of the problem of protecting inventions by means of patents in a free society, by chemist Ronald E. Merrill; and John Ockert's tongue-in-cheek discussion of government regulation and urban traffic problems, "Save Our Smog." Also included is a listing of pro-freedom organizations around the world.



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tive economic institutions, etc.—to bring about a libertarian society. We should use any arguments and positions available to turn people into libertarians, whether it be natural rights, amoralism, libertarian religions, utilitarianism, Objectivism, or just plain gut-reaction. People are individuals and not everyone can be converted to one particular moral or tactical position." ◻

SCIENCE FICTION Continued

His empire not only has its emperor and dukes and other nobles, but planets like New Scotland where, after a thousand years, the inhabitants still retain their Scotch brogue—and a state religion close enough to Episcopalianism that the difference scarcely matters.

THE COLLABORATION

In the year 3017, the Second Empire of Man is struggling to reassert its dominion over human worlds after the disastrous Secession Wars that destroyed the first empire. The hero of *The Mote in God's Eye* has, at the beginning of the novel, just helped put down the revolt of New Chicago in defense of an imperial hegemony that has never been challenged by alien contact—until now.

The title of the novel is ironic, and Sanford Z. Meschkow, one of the leading Niven authorities in the country, has suggested it holds a clue to the origin of the collaboration. Both men and aliens, in this epic of first contact, suffer from cycles of cultural death and rebirth—though to say more would give away its best surprises—and since Niven doesn't believe in cyclical galactic empires, he brought in Pournelle, who does.

That's speculation, of course. What can't be doubted is that the collaboration is like a modern automobile engine and chassis with a Model T body over them. But if readers can get past the early chapters of military discipline, court etiquette and neo-Victorian love interest, they'll discover some of Niven's best work in the "core" of the novel.

Men have known faster-than-light travel for centuries, and have expanded across hundreds of light years—so they are astounded when a probe appears from a star within their empire that they have never explored: a manned sailship that has made its way slowly over 35 light-years by light pressure alone. But when Lord Roderick Blaine accidentally kills the alien pilot while trying to intercept its craft, the fat is really in the fire.

The home star of the alien is a yellow-green dwarf directly in front of a red giant as seen from New Scotland—so it has always been called the Mote in God's Eye by New Scotch locals, and the aliens naturally become known as Moties.

Motie biology and culture are pure Niven, although Pournelle's influence may have curbed some of Niven's usual extravagances (like the "bolonium" from which his Ringworld was constructed). Moties have evolved into a number of specialized types, have a technology based on constant adaptation and multiple usage of hand-crafted devices rather than mass production of interchangeable units—and share a secret that could make them a threat to the very existence of mankind.

The human expedition sent to the Mote has its secrets to keep too—those of the faster-than-light drive and the force field that could be turned to military advantage by a potential enemy. Yet, like the Moties, they hope for peaceful contact, for some way of minimizing the risks that are bound to occur to each of them.

Intrigue and mutual deception are the order of the day as Man and Motie meet for the first time near the Mote and its single habitable planet. Trade and discussion are carefully controlled by security-conscious Lord Blaine and his commander, and xenophobic Admiral Kutuzov—but disaster strikes Blaine's ship, and he can't even be sure if it is an intentional attack.

Disturbing discoveries are made. Why should Mote Prime have craters like Mars? Why do abandoned Motie outposts in the asteroids seem so *ancient?* Why did the alien engineer brought aboard Blaine's ship sicken and die—and why are the Moties evasive about that and other matters, especially if they are as peaceful and benevolent as they seem?

Moties, for their part, can't understand the humans' lack of specialization—Blaine giving orders one moment, taking them the next—or their seemingly clumsy technology. Nor can they believe the human assumption of change and free will is sane—among the Moties, whoever questions the inevitability of their cycles is considered insane—the "Crazy Eddie" syndrome.

Added to Niven's imaginativeness in developing the world of the Moties is the tension of the overall plot: will the humans learn their secret in time? And if they do, have they any choice short of exterminating the Moties to protect themselves? But, in spite of considerable rewriting to minimize stylistic differences, Niven's attitude contrasts with Pournelle's.

To Niven, the predicament of the Moties is a tragedy. To Pournelle it is simply a threat. Other subtle differences appear too—Pournelle's empire keeps women in an inferior role, and Lady Sandra Fowler, an anthropologist as well as Blaine's love interest, seems an upstart. But in Niven's portion of the novel, where she is in charge of direct contacts with the Moties, she is treated more sympathetically. Even Niven's service heroes, such as Kevin Renner, come across better than Pournelle's—such as Jock Sinclair, a New Scotch ship's engineer who comes on like a fugitive from *Star Trek*.

Niven's imagination raises *The Mote in God's Eye* to great heights in two central sections of the novel, where he apparently did most of the original writing. Pournelle doubtless wrote most of the first, and at least half the last. Reading them with this in mind sets off the contrast between two writers—and two generations of thinking in science fiction. ◻

EXCHANGES

All that I had I brought,
Little enough I know,
A poor rhyme roughly wrought,
A rose to match thy snow:
All that I had I brought.

Little enough I sought:
But a word compassionate,
A passing glance, or thought,
For me outside the gate:
Little enough I sought.

Little enough I found:
All that you had, perchance!
With the dead leaves on the ground,
I dance the devil's dance.

Ernest Dowson

I am free
and find no freedom in being free
no chains in being bound
no chance of hurt.
I want you to find me
and am not there to be found,
and I am not gay
but I am not straight,
and I love no one
but I love you so much,
and I love which I cannot attain
for which I cannot attain,
I do not deny.
Not I.

Rudolph Laubscher

letters

SUPERLIBERTARIANS

I understand that because of the conflict between REASON's typesetting deadlines for the January issue, and the earliest date by which we could have known the probable election results in New York, the paragraph in my article ["Happy Days Are Here Again"] concerning the latter was altogether omitted. I think readers ought to know that the article was intended to include the following:

> "In New York the FLP [Free Libertarian Party] once again danced out of its corner and bloodied the opposition noses. They collected 40,000 signatures to put Jerry Tuccille on the gubernatorial ballot. These superlibertarians hoped, through a clever combination of ideology and attention-getting events, to snag the 50,000 votes needed to place the FLP permanently on the ballot. Attention they got, in abundance, but not the needed votes. A consequence of the campaign was the discovery of many "new libertarians" around the state; now the party can and is expanding along traditional organizational lines."

Roger MacBride
Charlottesville, VA

SELF-INTEREST

I wish to take exception to Friedman's (REASON, December 1974) statement that everyone pursues his own interests. If by interests one means everything that a person is motivated to do by his own thinking, then it is apparent that people will pursue their own interests even in a madhouse. But if interests have a rational standard, as judged by the life of Man, then Friedman may be taken to task for his statement. In a world where interests are irrational, it is not obvious how people could be said to be following their best interests. Alcoholics, drug addicts, psycotics, and masochists would be following their own interests according to Friedman —but not by the standard of rationality. A self-defeating person uses his pleasures to entrench himself deeper in his irrationality, or his motivation to be led by fear of living. Sex relations while drunk is one example. Or a dinner at which the companions talk in contemptuous terms about everything around them is another. Or lavish surroundings bought in order to make one feel that all around him are small when compared to his material achievements is yet another example. These people cannot be said to be following their *logical* interests. By saying that people are following their interests, no matter under what system, one invalidates the claim that people are being sacrificed by malevolent authorities. In saying that people follow their interests, Mr. Friedman is giving people a compliment they don't deserve.

Dan Bennett
Little Rock, AR

MORE HARD-CORE

In the December issue of REASON Mr. Friedman states: "you ought to keep your columns open to views you may disagree with." A comment like that calls for reader feedback. I subscribe to and read REASON precisely because it is "hard core," i.e., because it has a firm editorial policy. As a libertarian, there is no shortage of magazines and journals that present views that I disagree with. REASON is something of a refuge for me, like an island of rationality in a sea of intellectual confusion. I definitely do not wish to see its editorial policy diluted with a "liberal" (wishy-washy) openmindedness.

It was interesting to read Mr. Friedman's views on various topics and having done so I have classified him as a "lukewarm" libertarian. He is certainly not someone I expect to vigorously or effectively champion libertarianism and the REASON interview was useful in showing me that. There have been other recent articles which served a similar "debunking" purpose; specifically the Poul Anderson interview and the Paul Goodman eulogy.

However, since I read REASON for *moral* support and to learn more about libertarianism, I would rather read interviews with and eulogies of full-fledged libertarians. How about an interview with John Hospers or a biographical sketch of Ludwig von Mises? If you have featured these men in REASON before, why not feature them again? They are among the guiding lights of libertarianism and it is far more edifying to read what they have to say than what a groping, confused, quasi-libertarian like Friedman has to say.

Grim Tower
Seattle, WA

DON'T DILUTE

There was one suggestion in "An Interview with Milton Friedman" (REASON, December 1974) which I vehemently oppose.

Dr. Friedman said "you ought to keep your columns open to views that you may disagree with." Why? Such opinions already receive wide coverage in newspapers, magazines, on television and radio.

To dilute the pages of REASON with other than libertarian views would be ridiculous. There is a scarcity of libertarian material . . . more is needed, not less.

Mrs. B. S. Eastman
Memphis, TN

In REASON, one can find articles presenting the positions of such thinkers as Murray Rothbard, Ayn Rand, Nathaniel Branden, Robert LeFevre, Harry Browne, John Hospers, David Friedman, Milton Friedman, etc.

Dr. Friedman has indicated that he approves of REASON's policy of presenting diverse views which are written from a libertarian perspective, rather than focusing on only one of the many ranges of libertarian viewpoints. [Ed.]

GOLD AND MONEY

Milton Friedman (REASON, December 1974) makes a belated attempt to clarify his position on gold and money in your interview with him. But he fails to confront the most important issue—that is, whether the state should or should not regulate and control the monetary system. There is no middle road to take; one is libertarian, the other is totalitarian.

To avoid confronting the question he sets up a quasi-straw man, i.e., that the only libertarian position opposed to his is a governmentally decreed gold standard. What, may I ask, ever happened to the Rothbardian or Neo-Austrian position of letting people decide for themselves, through their own voluntary decisions, what they shall use as a medium of exchange? It is true that many libertarians, or anarchocapitalists, talk of a return to gold as money, but that is only a judgement made on the historical insight that free people have tended to prefer gold over other commodities as a medium of exchange and that gold has certain physical properties that make its use as money preferable. Whether gold is actually chosen is immaterial to the argument; the only important thing is whether one comes out in favor of liberty, or against it.

Although Friedman wants to concede to us the right to freely trade in gold, until he comes out clearly against the governmental money-machine, its legal tender laws and all its assorted paraphernalia he takes the side against liberty.

Charles H. Todd
Kalamazoo, MI

FRIEDMAN AND CAPITALISM

There were a number of comments by Professor Friedman in your December issue with which I disagreed, too many to go into in one letter. But I think I can narrow the real differences between him and me down to one issue, the issue of language.

Mr. Friedman dismisses this view as just "semantics," but I think when one looks at what he has said carefully, one will see that there is more to it than that.

A case in point is Mr. Friedman's treatment of the word, "capitalism." He maintains that Nazi Germany was "capitalist." I say he is wrong, that REASON is quite correct in pointing out that ultimate control of property in Nazi Germany was vested in the state (NAZI is an acronym for German National Socialist Party). If Mr. Friedman's definition is allowed to stand, then it is true that *all* societies are "capitalist" since there will always be property and that property can only be owned by individuals (since only individuals act). That is a basic law of praxeology and, as Murray Rothbard has pointed out, the laws of praxeology apply to all people everywhere, while the laws of catallactics apply to all people wherever exchanges are made. Red China has capital and people who manipulate capital and so is teeming with capitalists (and entrepreneurs).

Such a vague approach to language tends to obscure the real issue: whether or not we shall allow to be institutionalized in the social structure initiatory violence on the part of anyone. The question is not whether or not we shall have "capitalism" or "socialism." The question is whether or not we shall have aggression. I say that this cannot be tolerated by a civilized people.

All right, you say, what of it? After all, Mr. Friedman did make his actual position clear. He just used different words. But take a look again.

Professor Friedman says that, in regard to rights of property, there is "ultimately an essentially arbitrary element to where we draw the line." He then pulls out the old saw of who owns the air space. I maintain there is no arbitrary element involved at all; the answer is that no person owns any of it. What the person does own is his china and his eardrums, and that is why United Airlines had better stay higher than 10 feet over my head. And, should Boeing develop a new aircraft that works on the earth's magnetic field and is quiet, I'm sure someday we shall see people flying 10 feet over our heads, just as we now see cars pass 10 feet from our windows.

Professor Friedman correctly points out the subtlety of the libertarian argument, then proceeds to argue in the most brutal terminology. He says, "The thing that really baffles me is that the fraction of intellectuals who are collectivists is, I think, even larger than would be justified by the market." I find his confusion very strange because, having read the interview twice, I am not baffled at all!

As for how we are to achieve the free society, Mr. Friedman is right in saying the answer is not to engage in "sulking in our tents." I don't think it is necessary for proud men to sulk. But, as I recall, Achilles did make his point (who is John Galt?). And if Professor Friedman is really wondering what alternatives his critics can come up with, let me remind your readers that there is no such thing as a "government"; there is no such thing as "society." There are only human beings. And, since A is A and Man is Man, the person who fully realizes this will have no trouble at all finding a way to be free.

Robert B. Crim
Los Angeles, CA

FRIEDMAN DENOUNCED

The interview of Milton Friedman (December) proved once again that our state-controlled, state-financed educational system does not produce adults able or desirous of living in a capitalist, free society. It produces advocates and lovers of socialism and fascism and that is the true reason capitalism is on the way out.

Friedman said: "I believe that there must be an ultimate police force." It certainly did not sound like he meant a Defense Force to protect the country from invasion, but a police state which would force all citizens to do what the bureaucrats have decided is good. Several times he mentions preserving law and order as if only the government can do this, as if he had no idea that law and order are endemic to any given population. These are not conditions created by government and forced on the people except in totalitarian states. Laws which are not endemic to a population such as antitrust laws are simply violations of the freedom of businessmen and are one example of how lawless our particular government has become.

Friedman said: "In an ideal world . . . I would not be free to use my property to hit you over the head." This is not an example of freedom, but it does clearly show that Friedman thinks it is the duty of a government to force its citizens to be good and that only a government can force people to be good. This is a socialist tenet, part of the morality Friedman denies he has. Is he really this naive?

By competitive capitalism, what did he mean? Judging from the whole interview it sounded like he meant a system in which the government would force businesses to be competitive, would monitor them daily, would punish those who failed to play the game as conceived by the bureaucracy. This is not capitalism. It is government control of business and that is fascism.

He said: "problems . . . are not to be dismissed by some appeal that somehow or other the market is ingenious and will solve them." How could he sit down after a hard day of Non-Think and relax before a television set if the market had not been ingenious and invented, produced and distributed TV sets, not to mention all the work that goes into producing TV shows and the work that goes into producing the products sold on TV which make the medium possible? Governments do produce TV shows "at public expense," but how many of them have invented TV sets? Governments are not productive, problem-solving institutions. They can and do use to their own advantage solutions created by private citizens. And if the citizen is unwilling to hand over his solution or business, the government will pass a law to make him hand it over, which is why we have the tyranny of the FCC controlling radio and TV.

In his several comments about businessmen, Friedman made it plain that he considers all of them thieves and very much in need of control by that Great Good known as government. Then he turned around and complained about how the bureaucracies were bad and he would like to find some way to get them "to wither away." If bureaucratic rule is bad, then there is no such institution as a Great Good government. When is he going to wake up to his contradictions? I have noticed this particular contradiction in the thinking of farmers, writers, businessmen as well as college professors. I wish people would start paying attention to what they are advocating.

A Soviet manager who does certain things to protect his own interests and thus avoids being shot by his government is not a free man living in a free society, but a caged man avoiding the ever present dangers thrown into his path by an armed, coercive, inimical giant. It is incredible that Friedman would try to put this over

as an analogy. This is an obscenity. And he must take libertarians for idiots or he would not have had this much gall.

He asked: "I don't see how you can think of a world in which people are not pursuing their own interests. What kind of world would that be?" It is a world in which people are forced to pursue the interests of their various governments. It is a world heading toward a final, global war —unless famine gets us first.

What is to be gained by giving a lot of page space to a man still hung up in the child's idea of a powerful, good father (government) and who has a rampant hatred and distrust of people? It is true we may never make a lot of progress talking to each other, but what kind of progress do libertarians make talking to the likes of Milton Friedman? Statists are everywhere. Nobody has to buy a magazine to read their views. Their obscenities are difficult to avoid.

Mary S. Joyner
Kingsport, TN

DOWN ON LIBERTARIANS

If I may be so presumptuous, I'd like to offer some reasons as to why I think Ayn Rand is so disillusioned with the libertarian movement.

Miss Rand is a moral theorist. Since a society is only as good as the people in it, one must focus on what is the moral way of life and then structure the political framework to best accommodate and preserve it. But the movement, especially the Libertarian Party, which gives her so much lip service, fails to do just that.

At election time a flurry of LP candidates rushes around exposing their bodies and advocating virtual abolition of government and screwing everyone in sight. What happens to the millions of those on welfare? Believe it or not, they are not all sneaky chiselers. Are they to be left on the streets? The responsible among us understand the need for transition programs.

Libertarians don't care what the corporations do so long as they screw the U.S. government (and anyone, such as John Holt, who attacks the growing power of fascist corporations is smeared). Where is the benevolent sense of life? Nothing in current libertarian theory prevents the business world of the used car lot.

Foreign defense? Forget it. The LP pretends Russia doesn't exist. Never mind the consequences of ignoring or supporting (it amounts to the same thing) the Arab-Soviet axis: the destruction of Israel. Libertarians have no time to discuss the moral issues here. They want to hurry and drop all government controls so they can line their pockets through Kuwait oil deals. (I didn't know that James Taggart was a closet libertarian.)

Then there's that revisionist libertarian policy which says that six million Jews were not really murdered by the Nazis, the same Nazis a prominent LP candidate says were economic libertarians.

REASON Profile shows us face after face of libertarians whose only claim to fame is a silver spoon in their mouths and a campaign slogan.

Well, Ayn Rand gives a damn about morality and human lives. She struggled hard to get where she got and it took a lot of brain power to get there. Which many libertarians do not and did not and have not.

Some reader wrote recently that Ayn Rand has been disowned by the libertarian movement. So she has.

Alan Scott Kaufman
Skokie, IL

IMAGE AND ENVIRONMENT

I would like to comment on two aspects of libertarian philosophy which seem to be evolving, which I find disturbing because they run counter to first principles, and have a potentially damaging effect on our perception by the general public.

It seems to me that we are moving into a period when public attention will be focused by necessity on economic matters. Due to the late emergence of a consistent libertarian philosophy, the banner for civil liberties has largely been carried by others. While there are many battles in this area yet to be won, it is almost too late to assume a leadership role. This is not the case with economics. Economics holds a great deal of opportunity if we can turn our attention to some of the more difficult problems, and explain things in a manner which will not automatically alienate the general public.

The first of these problems I am concerned with is the environment. It should be obvious to everyone that the last few years have seen a hysteria arise over this issue. Libertarians have been correct in condemning the irrationality and resulting expansion of bureaucracy. Unfortunately, the articles I have seen recently which touch on the subject adopt a very anti-environment, pro-industry attitude.

What does not seem to be generally understood is that the environment is a libertarian issue, because it has a real physical

Reason's Letter of the Month

The letter below, by subscriber Walt Karwicki II, appeared in the November 27, 1974 issue of the *York (PA) Daily Record:*

LIBERTARIANIZE GARBAGE

I've got it! A radically new idea in answer to your editorial about garbage collection in York.

Beforehand, we had the government of York deciding what to do with our money, including what the "right" company and "right" cost should be for all. (Socializing garbage? My word!)

Now they offer to "put it in the citizens' hands" (the idea of choice—not the garbage), yet there is no choice. The price shall be $32 and the government shall do our picking for us.

The definition of government control with the semblance of individual control is Fascism (Mussolini, at very least, got the trains to run on time; I doubt if the York City fathers could do the same with garbage trucks).

Here's the amazing answer: If citizens are capable to choose the companies and cost in dealing with milk and newspaper deliveries, why not with garbage?

Why wasn't this amazingly new idea even brought up by the city controllers? Is it because it is too dangerous to let us have profound decisions like this? "You never know whose finger is on the disposal button, you know!" Maybe with this new license we might all go berserk when we feel the power in our hands and they would have to bring in the National Guard to ride shotgun on the garbage trucks.

If the things I write are as much trash as some people tell me, at least let me have enough of my laissez-faire ideas to choose which trucks should pick them up.

Libertarianize the garbage now! No more soap flake fuhrers.

Walt Karwicki II
York, PA

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science base. Technology does often produce undesirable results, which apply hidden costs to people in the form of bad health, loss of property, etc. Some writers, such as Murray Rothbard, have pointed this out in a general way. It behooves libertarians to understand the implications of this, and to stop automatically siding with industry in environmental debates. Not only is it bad public relations, it also displays a lack of sincerity in our supposed devotion to natural law.

The second area I am disturbed about is being too closely identified with industry. Recent articles I have seen on the energy crisis give good discussions on the detrimental effects of government regulations and the failure to allow the market to work. Unfortunately, these same articles seem to portray industry as the victim, when in many cases industries have actually lobbied for and gotten many special favors from government.

The workings of state capitalism have been frequently probed by revisionist historians. Nevertheless, many libertarians seem to have trouble applying the lessons to present-day cases. By portraying the current situation as government versus industry, with industry the hapless victim, it once again gives us a bad public image and shows a lack of sincerity.

Difficult problems about the environment include defining property rights in air, water, and the subsurface; and devising ways, both scientific and legal, to protect innocent people from the harmful effects of technology. Difficult problems about the government-industrial complex include identifying how badly intertwined things are, and recommending just ways to undo the damage done by both sides. These are problems that are not solved easily, but they must not be avoided because of this.

Let the conservatives go down blindly defending industry and condemning environmentalists. The libertarian position falls somewhere in between, so we ought to be able to make this work to our benefit. Perhaps then we can maintain intellectual honesty, and at the same time gain some popular appeal.

Paul Vilzi
State College, PA

FIRM?!

I was surprised to find Kay Taylor ("Letters," November 1974) describing Gerald Ford during his Congressional years as being in "firm opposition to Federal aid."

While I am no expert on Ford's 25-year Congressional career, in researching an article for a newspaper, I did examine his final year in the House—and I must say his opposition to Federal aid during that period was anything but "firm."

Indeed, even a cursory glance at the Royce Reports for 1973, which together deal with only 50 (House) votes, show Ford more than willing to dole out taxpayers' dollars by the millions.

Of the 50 House votes reported by the 1973 Royce Reports, nearly half dealt with subsidies, or indirect subsidies such as Peace Corps funding. Literally hundreds of millions of dollars were involved.

(Lest we forget how much money that really is, let us bear in mind that a person earning $10,000 a year and donating the entire amount to the Feds, would have to work for 100 years just to supply even one of those millions.)

How "firm" was Ford's opposition to these expenditures?

Bearing in mind that 5 of the votes came after he left the House to become Vice President, Ford still only managed to exhibit "firm opposition" (i.e., a "no" vote) on 3 of the 16 subsidy votes for which he was present.

Of such "firmness" are jelly fish made.

Roy Warner
San Angelo, TX

EDITORS:

Congratulations on finding a reviewer for Spencer Heath's *Citadel, Market and Altar* who is as maddeningly confusing as Heath himself! I especially like the sentence, "It was his aim . . . to predict the direction in which the operations of society must further evolve if the parts of the 'societal life form' shall articulate in full harmony." (!!)

Couldn't we have a better review, or a reviewer less committed to the glorification of Heath's works?

Jack R. Sanders
San Diego, CA

ETHICAL DIFFERENCES

Having been personally dismayed at the apparent preponderance of epistemological and ethical skepticism in the "defense" of freedom by libertarians, I was very pleased to see Tibor Machan's article "Affirming the Moral Defense of Liberty" in REASON's December issue. Many libertarians need to critically evaluate the probability of a free society gaining acceptance if its most basic principles have no more foundation to them than the rest of the political philosophies vying for a dominant role in the world.

Dr. Machan does make one point with less than his usual crystal clarity, however. In saying that "careless production, hucksterism, . . . etc." are "immoral" and that their defense as "quite OK" by libertarians is nihilistic, Dr. Machan fails to adequately define his context. Certainly many of the activities he mentions are "not OK" in the context of the moral code he upholds, in the sense that they are against one's rational self-interest. A political theory, however, while necessarily a derivative of an ethical theory, is nonetheless a very different beast. To say that libertarian political theory holds these things to be "not OK" is to say that it advocates the forcible restraint of people engaging in them, and this is clearly not true. Ethically, what is right is what is to one's rational self-interest; what is wrong is what is contrary to it. Politically (I use the term in the philosophical sense) there is no concept of something being "right," in the sense of being a positive actively encouraged by the political philosophy; what is wrong is what violates the rights (moral sanction of freedom) of others. Thus there are a large number of actions (including prostitution, careless production, etc.) which we may condemn ethically, but which we must remain completely indifferent to politically. And, contrary to Friedman's claim in his December REASON interview, the knowledge that these actions are ethically wrong in no way obliges us (nor even necessarily justifies us) to forcibly prevent them on the grounds that they are also politically wrong.

This, in fact, is the origin of the different kinds of libertarianism within the movement—Objectivist, autarchist, Christian, and so forth. Our ethical philosophies differ radically but each claims to eventually come to the nonaggression principle by its own route. Once this principle is accepted, we can work together in a "collaboration of expediency" to restore freedom and to subsequently pursue our separate goals. But Dr. Machan's point is well taken: this principle must be defended ethically and, ultimately, only one ethical system can legitimately support it.

Steve White
La Jolla, CA

REASON DOMINATES

I would like to add my agreement with Tibor Machan's comments ("Viewpoint," December) on the difficulty of aptly interpreting Nietzsche. It is all too easy to put him into a mold that endorses "feeling" to the extent of seemingly excluding the use of reason. Miss Rand herself, if we can accept some of the observations made by Barbara Branden is *Who Is Ayn Rand* as being accurate, appeared to do this, apparently forgetting that Nietzsche himself considered the *Ubermensch* as a

balance between the Apollonian and Dionysian characteristics of man. After all is said and done, would not perhaps the best description of Nietzsche's "Overman" be that of saying he is the "passionate man who has his passions under control," implying, at least to me, the dominance of reason.

Ralph T. Barnes
Denver, CO

MORALITY SPOOKS

Tibor Machan in his December 1974 "Viewpoint" article continued his pragmatic approach to philosophy. Machan appears to agree with Plato that the ultimate values, the good, are to be mystically intuited and the only problem is to select the justifying argument that will be most practical in morally intimidating others to support one's arbitrary ends.

Thus, Machan argues that if liberty's future is not to be dim libertarians must exercise the weapon of the collectivists, moral intimidation, but turn it around in favor of "ethical egoism." But, rationally, the issue is not what ethical theory is best suited for winning the day for liberty. The question is whether a philosophy of self-interest, the premises of which are self-evident although too frightening for most to accept consciously, does or does not imply the valuing of freedom for oneself and others and the renunciation of aggression.

In his final paragraphs Machan wildly applied his defective methodology wholesale and willy-nilly. Suddenly, his intuition pronounces prostitution, careless production (?), hucksterism, phoney experimentation in psychology, blackmail, irresponsible conduct on various fronts, deceit, indiscriminate sex, obscenity, bad scholarship, yellow journalism, and shyster law to be morally evil. Somehow, Machan asserts, people *know* these things are immoral.

Some of these things constitute fraud or aggression and can be shown to be against the interests of a person who wishes to live as a peaceful trader. Others such as prostitution, indiscriminate sex, obscenity, and blackmail may suffer from arbitrary cultural-emotional biases and may have no inherent conflict with self-interest. Even in blackmail there is no aggression or threat thereof, but simply the withholding of information for a price. Conflict with self-interest is certainly not self-evident. Why a *political* philosophy must condemn these acts as "immoral" is beyond me. *Bad* scholarship is generally a simple matter of incompetence or error which is too often confused with *unpopular* scholarship. With psychology in its infancy I would be slow to label any experimentation as "phoney."

After all this criticism, I still agree with Machan's final statements: "We ought to be free because only in freedom can our self-interest be achieved. And our self-interest is the highest value rationally defensible."

But what is necessary is not to ape the moralistic intimidation of the religious past with a new selfish morality spook, but to induce people to accept and act on the vital, but harsh reality of individualism rather than the wish-fulfilling delusions of effortless altruist-collectivist existence promoted by their oppressors.

Peter E. McAlpine
Belleville, MI

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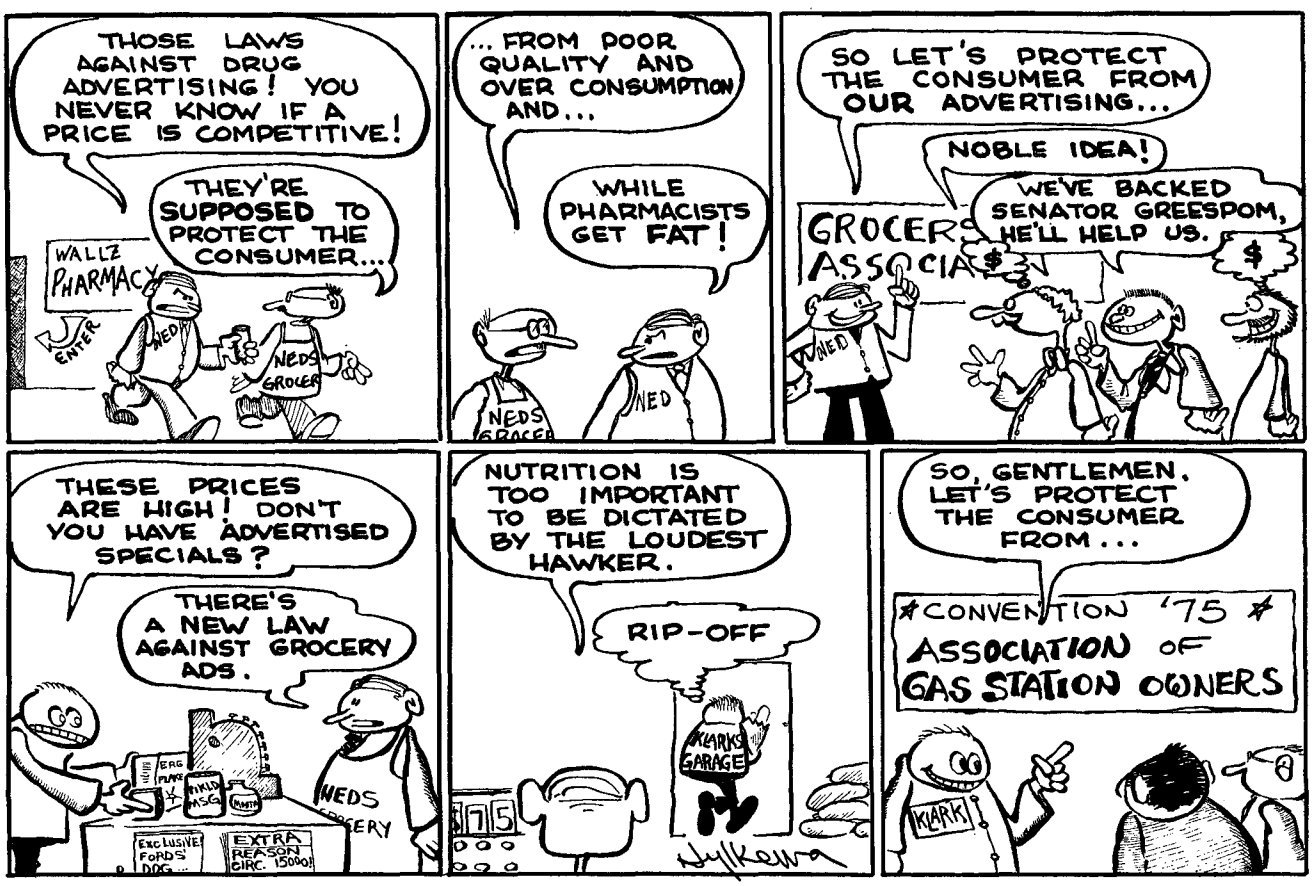
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